Supreme Court, U.S.
FILED

No. (1)

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In The

Supreme Court of the United States

Philip R. McNeil

Petitioner

v.

The Stanley Works
and
Verisign, Inc.

Respondents

On Petition for Writ of Certiorari
To The Ninth Circuit Court of Appeals

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

Though an ACPA claim was clearly referenced in paragraph 94 of Petitioner's original complaint, both the district court and the appeals court had trouble finding and/or acknowledging it. Consequently, even though Lanham Act causes of action under 15 U.S.C. 1114(d)(2)(v) are recognized by five other federal circuits (and rejected by virtually none), that claim continues to go "officially" unnoticed in the Ninth Circuit, as evidenced by the lower court rulings in the instant case. Equally unnoticed, is the enforceability of forum selection clauses in ICANN arbitration agreements, which were also implicitly rejected by the Ninth Circuit in the instant case, as entitled to absolutely no deference.

The questions presented by this appeal are:

1. Whether the Lanham Act creates a federal cause of action whereby Petitioner, a Canadian citizen, could litigate his right to utilize certain Internet domains under federal trademark law.

2. Whether ICANN forum choice clauses are entitled to any deference in federal court and, if so, how much.

3. Whether ICANN forum choice clauses should be deemed "presumptively *valid*," thereby shifting the burden of proof to the party opposing the stipulation.

4. Whether the district court wrongfully refused to hear the merits of Petitioner's domain name appeal, particularly when federal law provided Petitioner with federal court access, and a

specific federal cause of action. See Anti-cybersquatting Conumer Protection Act ("ACPA"), 15 U.S.C. 1114(d)(2)(v).

5. Whether a U.S. company that initiates an ICANN arbitration on U.S. soil, should be deemed to have waived its right to oppose adjudication of the underlying claims in a federal district court that has subject matter jurisdiction over the dispute under the ACPA.

6. Whether it was proper for the lower court to reject Petitioner's forum choice, and defer the case to Canada, when all material facts and parties pointed toward California being the preferred forum, including:

(a) All parties engaged in business in California.

(b) All three defendants had primary offices in California, and/or were engaged in substantial business activities there.

(c) Petitioner's rights and remedies arose under, and were governed by, United States trademark law, and were appropriately adjudicated in federal district court by virtue of the ACPA.

(d) The Internet domains were acquired in the U.S., through a U.S.-based domain registrar.

(e) The domains were located and hosted on name servers maintained in the U.S. by the registrar.

(f) The domains were used to criticize the business activities of a U.S. company with offices in the forum state.

(g) The Canadian action was a frivolous, $15 million defamation action filed only to chill First Amendment freedoms, and contained a prayer for relief antithetical to Congress' intent, the U.S. Constitution and the ACPA's remedial purposes.

(h) The Canadian action had been dormant for 4 years.

7. Whether the court erred in dismissing the Internet registrar, Verisign, Inc., from the case, where:

(a) The registrar's presence in the action was required, or at least preferred, in order to fashion, implement and enforce appropriate declaratory and injunctive relief.

(b) The registrar's presence was warranted based on past wrongful domain transfers by the registrar, which took place while an appeal was pending, and prior to any merits determination being obtained.

(c) Facts brought to the attention of the district court reflected specific alleged tortious acts and contractual breaches on the part of the registrar.

(d) A real and demonstrated ongoing need for injunctive relief against the registrar to restrain future wrongful transfers of the domains while litigation was pending (which proved prophetic, insofar as the registrar wrongfully transferred domains to Stanley during the pendency of the most recent appeal, *once again in direct contravention of ICANN rules*).

PARTIES TO THE PROCEEDING

Petitioner **Philip R. McNeil** is a Canadian citizen who sponsors various websites criticizing The Stanley Works (hereinafter "Stanley").

Respondents are **The Stanley Works** (a former Fortune 500 company that manufactures and sells tools worldwide), and **Verisign, Inc.** (the registrar for the domain names in dispute, and also historically known as Network Solutions, Inc. — the original domain registrar for the Internet).

ICANN ("Internet Corporation for Assigned Names and Numbers) was a defendant in the proceeding below. After summarily affirming the dismissal of all claims against Verisign and Stanley, the Ninth Circuit retained jurisdiction over the due process claims asserted against ICANN, and stated the claims would be calendared for oral argument. *A:1.*

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OPINIONS BELOW

This case has been up and down the Ninth Circuit ladder twice. A detailed procedural history is set forth below.

The Ninth Circuit's most recent summary affirmance of the district court in *McNeil II* is attached as A-1. It has not been officially reported.

The district court's dismissal of *McNeil II* is attached as A-2 through A-17. It is not officially reported, nor unofficially cited.

The Ninth Circuit's refusal to recall its mandate in *McNeil I* (after Stanley abandoned the domains which were the subject of the appeal, during the pendency of the appeal), is attached as A-18.

The Ninth Circuit's opinion upholding the district court's dismissal in *McNeil I* is attached as A-19 through A-24. It is unofficially cited at 2002 WL 535790, 33 Fed.Appx. 322.

The district court's order dismissing *McNeil I* is attached as A-25 through A-31. That order is neither officially reported, nor unofficially cited.

BASIS FOR JURISDICTION

The instant petition seeks reversal of the Ninth Circuit's order which summarily affirmed the district court's dismissal of Stanley and Verisign, but retained jurisdiction over the Petitioner's claims against ICANN. The Ninth Circuit's order was entered February 27, 2004. Thus, the instant application for certiorari is filed pursuant to 28 U.S.C. § 1254(1).

The Ninth Circuit's recent order dismissing all claims against Stanley and Verisign was appealable. *Air Line Pilots Associations International v. UAL Corporation*, 897 F.2d 1394 (7th Cir. 1990) (litigant in federal case is not compelled to wait until case is over before seeking certiorari, because final order is not needed to request certiorari); Sup. Ct. Rules, Rule 18; 28 U.S.C. 2101(e).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

15 U.S.C. 1121(a)

The district and territorial courts of the United States shall have original jurisdiction and the court of appeal of the United States ... shall have appellate jurisdiction, of all actions arising under this chapter, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties.

15 U.S.C. 1114(d)(2)(v) "Anticybersquatting Consumer Protection Act of 1999" (ACPA) [Cause of Action for Domain Registrants Victimized by Trademark Owners attempting "Reverse Domain Name Hijacking"]

A domain name registrant whose domain name has been suspended, disabled, or transferred under a policy described under clause (ii)(II) may, upon notice to the mark owner, file a civil action to establish that the registration or use of the domain name by such registrant is not unlawful under this chapter. The court may grant injunctive relief to the domain name registrant, including the reactivation of the domain name or transfer of the domain name to the domain name registrant.

15 U.S.C. 1125(d)(1)(A) [Cause of Action for Trademark Owners Victimized by "Cybersquatters"]

A person shall be liable in a civil action by the owner of a mark ... if, without regard to the goods or services of the parties, that person (i) has a bad faith intent to profit from that mark ...; and (ii) registers, traffics in, or uses a domain name that (I) in the case of a [distinctive] mark ... is identical or confusingly similar to that mark; [or] (II) in the case of a famous mark ... is identical or confusingly similar to or dilutive of that mark, or (III) is a trademark, word or name protected by reason of section 706 of Title 18 or section 220506 of Title 36.

15 U.S.C. 1126(b) LANHAM ACT. Benefits of section to persons whose country of origin is party to convention or treaty.

Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this chapter.

28 U.S.C. 1331

The district courts shall have original jurisdiction of all civil actions arising under the Constitution, laws, or treaties of the United States.

U.S.C.A. Const. Amend. I

Congress shall make no law ... abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

U.S.C.A. Const. Amend. V

No person shall be ... deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

U.S.C.A. Const. Amend. XIV

No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty or property, without due process of law; nor deny to any person within its jurisdiction equal protection of the laws.

ICANN Uniform Domain Name Resolution Policy (UDRP)

4. Mandatory Administrative Proceeding.

This paragraph sets forth the types of disputes for which you are required to submit to a mandatory administrative proceeding. These proceedings will be conducted before one of the administrative-dispute-resolution service providers listed at www.icann.org/udrp/approved-providers.htm.

a. Applicable Disputes. You are required to submit to a mandatory administrative proceeding in the even that a third party (a "complainant") asserts to the applicable Provider, in compliance with the Rules of Procedure, that

(i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and

(ii) you have no rights or legitimate interests in respect of the domain name; and

(iii) your domain name has been registered and is being used in bad faith.

In the administrative proceeding, the complainant must prove that each of these three elements is present.

b. Evidence of Registration and Use in Bad Faith. For the purposes of Paragraph 4(a)(iii), the following circumstances, in particular but without limitation, if found by the Panel to be present, shall be evidence of the registration and use of a domain name in bad faith:

(i) circumstances indicating that you have registered or you have acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name; or

(ii) you have registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that you have engaged in a pattern of such conduct; or

(iii) you have registered the domain name primarily for the purpose of disrupting the business of a competitor, or

(iv) by using the domain name, you have intentionally attempted to attract, for commercial gain, Internet

users to your web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement or your web site or location or of a product or service on your web site or location. . . .

k. Availability of Court Proceedings. The mandatory administrative proceeding set forth in Paragraph 4 shall not prevent either you or the complainant from submitting the dispute to a court of competent jurisdiction for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded. If an Administrative Panel decided that your domain name registration should be canceled or transferred, we will wait ten (10) business days (as observed in the location of our principal office) after we are informed by the applicable Provider of the Administrative Panel's decision before implementing that decision. . . .

5. All Other Disputes and Litigation. All other disputes between you and any party other than us regarding your domain name registration that are not brought pursuant to the mandatory administrative proceeding provisions of Paragraph 4 shall be resolved between you and such other party through any court, arbitration or other proceeding that may be available.

Rules for Uniform Domain Name Dispute Resolution Policy

15. Panel Decisions. . . .

(e) . . . If after considering the submissions the Panel finds that the complaint was brought in bad faith, for example in an attempt at Reverse Domain Name Hijacing or was brought

primarily to harass the domain-name holder, the Panel shall declare in its decision that the complaint was brought in bad faith and constitutes an abuse of the administrative proceeding.

. . .

18. Effect of Court Proceedings.

(a) In the event of any legal proceedings initiated prior to or during an administrative proceeding in respect of a domain-name dispute that is the subject of the complaint, the Panel shall have the disretion to decide whether to suspend or terminate the administrative proceeding, or to proceed to a decision. . . .

Article 6: PARIS CONVENTION. Convention for the Protection of Industrial Property of March 29, 1883 (revised). [Status on April 22, 2004 — Canada: Member since June 12, 1925.] **[emphasis added]**

[Marks: Conditions of Registration; Independence of Protection of Same Mark in Different Countries]

(1) The conditions for the filing and registration of trademarks shall be determined in each country of the Union by its domestic legislation.

(2) However, an application for the registration of a mark filed by a national of a country of the Union in any country of the Union may not be refused, nor may a registration be invalidated, on the ground that filing, registration, or renewal, has not been effected in the country of origin.

(3) A mark duly registered in a country of the Union shall be regarded as independent of marks registered in the other countries of the Union, including the country of origin.

STATEMENT OF THE CASE

This case raises the as yet unreviewed questions of (a) whether Congress intended to created a federal cause of action in the Lanham Act for Internet domain name registrants who are negatively impacted by mandatory ICANN arbitrations [five circuits recognize the cause of action; only the Ninth Circuit has rejected it] and, if so, (b) how much deference is to be accorded forum choice rules and stipulations in appeals taken from adverse ICANN determinations.

1. *FACTUAL BACKGROUND*

Phil McNeil is a former Stanley distributor who, in 1998, after a disappointing experience investing in a Stanley tools distributorship, began acquiring Stanley-related domain names, and launching anti-Stanley websites. It is acknowledged McNeil's websites do not exist for any commercial purpose, operate in exercise of McNeil's constitutional right to free speech, and exist solely for the purpose of disseminating information about the questionable and allegedly nefarious business practices of Respondent The Stanley Works. *A:34-35, 103-130.*

Among other things, after closing several U.S. plants and exporting its tool manufacturing to foreign countries, Stanley is known for then being forced to defend itself against FTC charges that it falsely marketed its foreign-made tools as "Made in America." Lesser known is the fact that the company paid out over $100 million in settlements and six- and seven-figure punitive damage verdicts, largely to former

distributors like McNeil who alleged to have been misled into investing their family's assets and savings into non-viable tool distributorships that were deceptively marketed and promoted by Stanley's Mac Tools division. *A:45, 134-136.*

In February 2000, Stanley initiated a mandatory ICANN arbitration against McNeil. The ICANN panel ruled in Stanley's behalf, and McNeil filed a timely appeal with the United States District Court for the Northern District of California. Prior to the filing, as part of the ICANN proceeding, the parties had stipulated that San Francisco was their mutually-agreed choice of forum. *A:47.*

Stanley moved to dismiss *McNeil I* on grounds of *forum non conveniens*, relying largely on its assertion that a $15 million defamation suit filed by Stanley in Canada, was better suited to review McNeil's claims. The district court granted the motion, and the Ninth Circuit affirmed. *A:19,25.*

However, while *McNeil I* was on appeal with the Ninth Circuit, Stanley inexplicably abandoned the two domains which were the subject of the appeal, and McNeil re-acquired one of them. Though the other name had been abandoned for over 8 months, Verisign refused to release it to McNeil for re-registration. Because the names had been abandoned while the case was on appeal, McNeil asked the Ninth Circuit to recall its mandate (affirming the district court's order of dismissal), but without explanation. *A:18, 131-136.*

Meanwhile, Stanley instituted a second ICANN arbitration to recover four additional Stanley-related domains acquired by McNeil. Stanley also threatened additional ICANN and/or court proceedings to recover the name McNeil had re-registered from *McNeil I*. *A:50.*

Within weeks, the second ICANN arbitration was adjudicated in Stanley's favor, and McNeil again filed suit in San Francisco, but this time asserting a claim for relief under the ACPA. Again, however, the district court failed to review the merits, and dismissed on the basis of *forum non conveniens*. However, this time the court also cited the doctrine of *res judicata* ---- ruling specifically (though incorrectly) that the claims asserted in *McNeil I* and *McNeil II* were "identical." In fact, obviously irritated, the court opined that the plaintiff had needlessly and irresponsibly *"brought the **identical** action back to this court." A:2,14.*

Then, adding insult to injury, the district court threatend McNeil with sanctions. It did this even though Verisign had, just prior to the filing of *McNeil II*, threatened to tranfer McNeil's domains to Stanley and terminate his websites if he did not file suit in the specified forum. *Id.*

More importantly, under ICANN forum rules, had McNeil filed somewhere other than San Francisco, he would have immediately lost control over the domains and associated websites, insofar as Verisign could have lawfully turned them over to Stanley at that point.

After dismissal by the district court of *McNeil II*, McNeil appealed to the Ninth Circuit. This time, even though the Ninth Circuit summarily affirmed the district court's dismissal of Stanley and Versign, it nevertheless agreed to hear argument on the claims asserted against ICANN (for due process and equal protection violations). *See* U.S.C. Const. Amend. I, V, XIV. *A:1, 55-59.*

McNeil's instant Petition is filed to reverse the Ninth Circuit's summary affirmance of the district court's order of dismissal relating to Stanley and Verisign, and remand the case to the district court for further proceedings.

2. *CLAIMS IN MCNEIL I vs. MCNEIL II*

The linchpin of the district court's rationale for dismissal, was its contention that the claims asserted in both suits were "identical." This observation is factually and legally inaccurate.

In *McNeil I,* McNeil attempted to recoup two Internet domains, i.e., *www.stanleyworks.net* and *www.thestanleyworks.net,* which an ICANN arbitrator had recently ordered should be transferred to Stanley. McNeil ttempted to recoup the names by asserting claims for malicious abuse of process, intentional infliction of emotional distress, violations of First Amendment rights, and violations of 42 U.S.C. 1983.

In *McNeil II,* McNeil attempted to recover four additional domains (i.e., *www.stanley-hardware.com, www.stanley-proto.com,* www.stanley-tools.com, *www.stanley-husky.com*), which had been recently ordered transferred in the second ICANN proceeding. In addition, in *McNeil II,* McNeil specifically asserted a claim under the ACPA to (a) recover the 4 domains which the second ICANN panel had ordered transferred, (b) judicially confirm rights in two domains Stanley had abandoned during the appeal process of *McNeil I,* (c) join ICANN for imposing a mandatory arbitration procedure that lacked due process and ill-defined legal rules, and (d) join the registrar, who in both *McNeil I* and *McNeil II* had prematurely transferred the domains to Stanley in contravention of ICANN rules. *A:50, 58-60.*

Moreover, in his complaint, McNeil specifically mentioned the remedial statute as the ACPA, though the district court simply pretended that no such claim had been asserted. *A: 58.*

The district court failed to acknowledge distinct and material differences between the additional parties and claims asserted in *McNeil II*, but which were not asserted in *McNeil I*, i.e., (a) McNeil's ACPA claim, (b) McNeil's addition viable claims against Verisign and ICANN (the Ninth Circuit is currently reviewing McNeil's due p[rocess claims against ICANN), (c) Stanley's subsequent abandonment of the domains involved in the first proceedings, and/or (d) the presence of four additional domains which were transferred to Stanley by virtue of a second" ICANN proceeding —- all which made McNeil II critically different than McNeil I.

Each of the foregoing factors materially differentiated *McNeil I* from *McNeil II*, but were virtually ignored by the lower courts when they articulated their reasons for dismissal.

3.ARGUMENT AND CITATION OF AUTHORITY

A. *The ACPA Claims Asserted In McNeil II Differentiated It From McNeil I, And Required The District Court To Assume Jurisdiction Over The Case.*

In *McNeil II*, the Petitioner added a viable claim under the ACPA (which was not specifically pled in *McNeil I*), and added other claims and parties that clearly differentiated the second action from the first. The district court was clearly compelled to hear these claims, and the Ninth Circuit's summary affirmance contradicts not only federal statutory law, but also the law of every other federal circuit that has

ruled on the issue. 15 U.S.C. 1114 (d)(2)(v); 15 U.S.C. 1121(b); *PHC, Inc. v. Pioneer Healthcare, Inc.*, 75 F.3d 75, 79 (1st Cir. 1996) (holding that federal jurisdiction exists over plaintiff's request for a declaration that it was not violating defendant's trademark rights); *Sallen v. Corinthians Licenciamentos LTDA*, 273 F.3d 14 (1st Cir. 2001); *Storey v. Cello Holdings, LLC*, 347 F.3d 370 (2nd Cir. 2003); *Dluhos v. Strasberg*, 321 F.3d 365 (3rd Cir. 2003); *Barcelona.com, Inc. v. Excelentisimo Ayuntamiento de Barcelona*, 330 F.3d 617 (4th Cir. 2003); *Hawes v. Network Solutions*, 337 F.3d 377 (4th Cir. 2003); *Taubman v. Webfeats*, 319 F.3d 770 (6th Cir. 2003); *Bird v. Parsons*, 289 F.3d 865 (6th Cir. 2002) (jurisdiction under 15 U.S.C. 1125).

Contrary to the district court's ruling, the additional parties and claims sufficiently distinguished *McNeil I* and *McNeil II*, that res judicata was inapplicable. *Commissioner of Internal Revenue v. Sunnen*, 333 U.S. 591, 599-600, 68 S.Ct. 715, 92 L.Ed.2d 898 (1948) (*"A subsequent modification of the significant facts or a change or development in the controlling legal principles may make that determination obsolete or erroneous, at least for future purposes. . . . Collateral estoppel must be confined to situations where the matter raised in the second suit is identical in all respects with that decided in the first proceeding, and where the controlling facts and applicable legal rules remain unchanged."*); *Metropolitan Life Ins. Co. v. Taylor*, 481 U.S. 58, 63, 107 S.Ct. 1542, 1546, 95 L.Ed2d 55 (1987) (*"A cause of action arises under federal law ... when the plaintiff's well-pleaded complaint raises issues of federal law"*); *See* Complaint, ¶ 94 (McNeil II) (*"Plaintiff is entitled to declaratory and injunctive relief from this Court determining . . . whether McNeil is using the names for a profit or commercial motive consistent with the Anti-Cybersquatting Consumer Protection Act, or federal*

trademark law; [of] whether McNeil's use of the names constitutes "fair use" within the meaning of federal law") A:58-59; 15 U.S.C. 1121(b) (*"The district ... courts of the United States shall have original jurisdiction ... of all actions arising under this chapter* [i.e., Lanham Act]."); *Dluhos v. Strasberg,* 321 F.3d 365, 373 (3rd Cir. 2003) (*"Congress' authorization of the federal courts to grant injunctive relief ... gives the registrant an explicit cause of action through which to redress the loss of a domain name under the UDRP."); Sallen v. Corinthians Licenciamentos LTDA,* 273 F.3d 14, 27 (1st Cir. 2001).

B. ***Deferral Of The Case To Canada Would Have Created Piecemeal Litigation, Making Forum Non Conveniens Inapplicable.***

Dismissal of the case, and deferral to the Canadian courts, was improper for a number of other reasons. At the top of the list, are basic principles of international law as articulated and enacted by the Paris Convention (of which both the U.S. and Canada are members). The rules of the Paris Convention were specifically incorporated into the Lanham Act (15 U.S.C. 1126) to empower Canadian citizens to pursue Lanham Act (i.e., ACPA) claims in U.S. courts, to-wit:

> **Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to**

nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this chapter.

A common misconception under the provisions of the Paris Convention, however, is that Canadian trademark rights and U.S. trademark rights can be uniformly enforced in the courts of either member country. That is simply not the case. In fact, the Convention specifically requires citizens of member nations to litigate their claims in the forum where the trademark rights have their legal origin which, in the instant case, is clearly the United States.

Article 6: Marks: Conditions of Registration; Independence of Protection of Same Mark in Different Countries. . . .

(3) A mark duly registered in a country of the Union shall be regarded as independent of marks registered in the other countries of the Union, including the country of origin.

Article 6 (Paris) Convention for the Protection of Industrial Property of March 29, 1883 (revised). [emphasis added]; *See also* 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* Sec. 29:25 Sec. 29:25 (4th ed. 2002) (*"The Paris Convention creates nothing that even remotedly resembles a 'world mark' or an 'international registration.' Rather, it recognizes the principles of the territoriality of trademarks [in the sense that] a*

mark exists only under the laws of each sovereign nation."); Persons' Co., Ltd. v. Christman, 900 F.2d 1565, 1568-69 (Fed.Cir. 1990) (*"The concept of territoriality is basic to trademark law; trademark rights exist in each country solely according to that country's statutory scheme."*).

Thus, controlling principles of international and federal jurisprudence, both under the Paris Convention and federal law as incorporated into the Lanham Act, actually require – contrary to the district court's ruling – that McNeil litigate in the U.S., not Canada. This result is underscored by 15 U.S.C. 1121 (which provides McNeil with federal court access to pursue Lanham Act claims) and 15 U.S.C. 1114(d)(2)(v) (which accords McNeil a *specific* cause of action to recover Stanley-related domains wrongfully transferred as the result of an ICANN panel ruling). The district court, in deferring the case to Canada, completely ignored the jurisdictional and legal principles annunciated in the Paris Convention and the Lanham Act ---which brings us to the most vexing feature of the district court's dismissal of McNeil II, particularly given the ACPA claim referenced in paragraph 94 of Petitioner's complaint.

In McNeil I, the district court went to great lengths to point out federal jurisdiction was lacking when it bluntly stated: *"there is no federal question here." A:28.* The same mantra continued in McNeil II, despite McNeil's addition of the ACPA claim. At one point, in fact, the district court seemed to be trying to point out to McNeil that an ACPA claim existed that McNeil should pursue: *"McNeil is not without a forum to resolve grievances about the outcome of arbitration. He may bring a petition to vacate the arbitrator's*

decision that the arbitrator wrongfully awarded the domain names to Stanley." A:9-10. What the district court, and Ninth Circuit failed to recognize, is that is exactly what McNeil had done, but to no avail.

Other problems accompanied the improper deferral of the case to Canada. In addition to the Canadian court being unable to issue a binding determination on U.S. trademark law, it was also not (a) the venue agreed on by the parties, or (b) the appropriate venue for the parties involved in the action. In fact, of the four parties to *McNeil II*, only one (Petitioner himself) was domiciled in Canada. Even so, there was nothing independently significant about Petitioner's Canadian citizenship.

Besides, all the parties had substantial contacts with California, and all three defendants had principal offices and/or substantial business activities in California. It is doubtful that a Canadian court could have even constitutionally exercised jurisdiction over two of the parties (ICANN and Verisign), who arguably had no substantial presence in Canada.

Thus, the Ninth Circuit sent the case to a forum that was not only inconvenient, but had neither personal nor subject matter jurisdiction over all the parties or controversy. This factor, in and of itself, warrants reversal of the venue determination.

An additional factor weighing heavily in favor of California being the preferred forum, is the principle of judicial economy, which expresses a strong disinclination against permitting piecemeal litigation of related claims between related parties.

As it stands, however, the Ninth Circuit sent most of the parties to Canada, yet retained the ICANN claims. This ruling was illogical, and completely undercuts the rationale inherent in the Ninth Circuit's *summary* affirmance of the dismissal of the other two parties. *See e.g., Continental Grain Co. v. Barge FBL-585*, 364 U.S. 19, 26 (1960); *Steward v. Up North Plastics, Inc.*, 177 F.Supp.2d 953, 959 (USDC Minn. 2001); Wright & Miller, *15 Federal Practice and Procedure Juris. 2d*, § 3808 (Multiple Claims) (rev. 2002). In McNeil II, McNeil specifically asserted a claim under the ACPA ---- a claim the federal district court was compelled to hear, but obviously did not want to hear. Although the district court called the claims in McNeil I and McNeil II "identical," at the same time it had ruled in McNeil I that McNeil had not even stated a valid federal claim. This is blatantly inconsistent with the district court's ruling in McNeil II that both suits involved "identical" claims. After all, is not reasonably debatable that McNeil did, in fact, identify a claim under the ACPA in Paragraph 94 of his complaint in McNeil II. *A-58.*

It is apparent that, for whatever reason, the district court was eager to rid itself of McNeil, at the risk of issuing inaccurate and insupportable rulings that were inconsistent with the law prevalent in the various circuits, internally inconsistent with its own prior rulings, and neglectful of clear federal rights articulated in Petitioner's complaint.

In any event, deferring McNeil II to Canada under those circumstances, was patently improper, and effectively neutralized and negated McNeil's federal rights under the ACPA.

The Ninth Circuit's refusal to hear the case, thus contradicts the decisions rendered in other federal circuits.

See Barcelona.com, Incorporated v. Excelentisimo Ayuntamiento De Barcelona, 330 F.3d 617 (4th Cir. 2003) (federal courts are obligated under the ACPA to adjudicate domain dispute between Spanish citizens, British citizen, Brazilian company and U.S. company, at least to the extent the dispute impacts U.S. trademark rights).

In the instant case, the case dealt squarely with Stanley's U.S. trademark rights, and McNeil's right to use U.S.-purchased and U.S.-based domains to launch anti-Stanley websites. As such, the subject matter was squarely within the jurisdictional purview of the federal district courts, and the case should have been determined on the merits, not shuffled off to Canada.

C. *The Dismissal Of McNeil II On Grounds Of Forum Non Conveniens Contravened Established Federal Law.*

In *Bremen*, this Court ruled that forum selection clauses were "presumptively valid," and should be upheld, *so long as they were fair, reasonable and not contrary to public policy.* No fact or observation in the court below warrants alteration of this fundamental rule for ICANN disputes or ACPA actions. Since *Bremen*, this Court has consistently reaffirmed its position that forum selection clauses are to be routinely enforced.

In fact, since issued in 1972, the basic ruling of *Bremen* has never been successfully challenged, i.e., that forum selection clauses are presumptively valid. Rarely has this Court elaborated on the *Bremen* caveats, nor had much need to. Nonetheless, in view of the Ninth Circuit's rejection of

the ICANN forum stipulation, *Bremen* principles need to be reaffirmed so that it is clear they are deemed to apply with equal force in the context of domain disputes, ACPA actions, and the mandatory ICANN arbitrations.

The ruling by the Ninth Circuit, summarily affirming the district court's dismissal, abrogates federal law, as well as the fundamental principles announced in *Bremen*. Specifically, the ruling violates the tenets annunciated in the statutory language and legislative history of the ACPA. Denial of federal access to domain litigants adversely affected by mandatory ICANN arbitration rulings, in unacceptable, and directly contrary to the federal statutory scheme. *See* 15 U.S.C. 1114(d)(2)(v) (specifically empowering domain registrants to challenge adverse ICANN rulings in federal court); *See also* 145 Cong. Rec. S15,026 (1999) (noting domain disputes may be fabricated, and accusations of cybersquatting leveled, in situations where a the domain owner has a legitimate right to use the domain, or where a legitimate dispute over trademark rights exists – commonly known as "reverse domain name hijacking"); *See also* 145 Cong. Rec. S10,516 (1999) (Senator Hatch commenting that: *"A domain name registrant whose name is suspended in an extra-judicial dispute resolution procedure can seek a declaratory judgment that his use o the name was, in fact, lawful under the Trademark Act. This clarification is consistent with other provisions of the reported bill that seek to protect domain name registrants against overreaching trademark owners"*); *See also* ICANN Uniform Domain Name Dispute Resolution Policy (hereinafter "UDRP") 1, *at* http://www.icann.org/udrp/udrp-rules-24oct99.htm (Oct. 24, 1999) (defining "reverse domain name hijacking").

Senator Hatch also commented that the Hatch-Leahy amendments were designed to *"balance the rights of trademark owners with the interests of Internet users"* and to *"preserve the rights of Internet users to engage in protected expression online and to make lawful uses of others' trademarks in cyberspace."*). 145 Cong. Rec. S10,515 (1999).

Simply stated, when a federal statute confers jurisdiction on the federal courts for a specific cause of action, the district courts are compelled to hear such an action, absent other countervailing considerations. *Osborn v. Bank of the United States,* 22 U.S. (Wheat.) 738, 817, 6 L.Ed. 204 (1824). This is consonant with 28 U.S.C. 1331, which specifically states that *the district courts shall have original jurisdiction of all civil actions arising under the Constitution, laws, or treaties of the United States."* Unless McNeil's claims were "wholly insubstantial and frivolous," the district court was required to adjudicate them. *Bell v. Hood,* 327 U.S. 678, 682-83, 66 S.Ct. 773,. 90 L.Ed. 939 (1946).

Thus, in every respect, the lower courts' handling of McNeil's claims contravened fundamental federal law, as well as the very statutes enacted to protect free speech rights, and other non-commercial uses of the Internet. These laws, including the ACPA, were specifically envisioned as protecting Internet users like McNeil, most notably, the Hatch-Leahy amendments creating a federal cause of action for domain registrants under 15 U.S.C. 1114(d)(2)(v) ---- a cause of action the district court believed either (a) did not exist, or (b) McNeil never asserted.

The presence of viable claims against ICANN, and a federal cause of action against Stanley under the ACPA, should have altered the district court's view of venue under *McNeil II*, but unfortunately did not. With additional claims, a federal cause of action, and strong federal and international trademark policies mandating use of a U.S. forum, the district court clearly erred in sending the case to Canada, where U.S. trademark rights and defenses were neither applicable, nor could be properly adjudicated or, more importantly, enforced. In fact, one could argue that had McNeil gone to Canada and obtained a Canadian court ruling on the trademark issues presented under federal law (specifically the ACPA) the U.S. courts were not required – per the Paris Convention *or* the ACPA – to lend any weight or enforceability to the Canadian courts findings.

Such a result was not envisioned by the drafters of the Lanham Act, or the Paris Convention. Neither should the Canadian forum have been endorsed by the district court's exportation of the case to Canada, where subsequent U.S. enforcement of any resulting judgment was highly questionable – particularly given the kind of Draconian relief that was contemplated in Stanley's Canadian complaint, i.e., $15 million in damages, and destruction of McNeil's software and computers. A:100.

D. ***The ICANN Forum Selection Is Mandatory, Because It Requires Domain Owners To Relinquish Domains If They File Suit In A Jurisdiction Other Than The One Stipulated To Under ICANN Rules.***

The Ninth Circuit rejected the notion that McNeil's

choice of forum, or the parties' forum stipulation, was entitled to any deference whatsoever. In so ruling, the Ninth Circuit concluded that the ICANN forum was not mandatory, but optional. That conclusion was incorrect, insofar as it ignored the practical effect of McNeil going elsewhere with his suit, i.e., the websites would be closed down.

The Ninth Circuit failed to consider that unless McNeil filed in the ICANN-specified forum, the domains at issue would have been immediately transferred to Stanley. This is a coercive element to the ICANN forum selection which was not considered by the lower court. This coercive aspect of ICANN rules, in reality, gave McNeil no venue option.

So framed, the ICANN-specified forum clause had the net effect of effectively mandating a forum choice. That is because filing suit in any other jurisdiction would have caused an immediate forfeiture of the domains pending a final hearing by the court which, in this case, never occurred. *Storey v. Cello Holdings, LLC*, 347 F.3d 370, 380 (2nd Cir. 2003) (*"Only if a domain-name registrant seeks to delay implementation of a UDRP panel's decision is he or she obliged to commence his or her lawsuit against the complainant within the ten-day window and to bring it in a court to whose jurisdiction the complainant has submitted contractually.*).

REASONS FOR GRANTING THE PETITION

The Ninth Circuit's ruling exporting the case to Canada takes place against a historical backdrop of numerous decisions emanating from this Court, all of which accord great deference to the parties' forum choice, and which

routinely conclude that forum choice clauses lend stability to the adjudication of disputes between parties with complicated international relationships. *See e.g., M/S Bremen v.Zapata Off-Shore Co.*, 407 U.S. 1, 92 S.Ct. 1907, 32 L.Ed.2d 513 (1972) (Forum selection clauses are enforceable, so long as they are not unfair, unreasonable under the circumstances, or contrary to public policy); *Carnival Cruise Lines v. Shute*, 499 U.S. 585, 111 S.Ct. 1522, 113 L.Ed2d 622 (1991). In view of the Ninth Circuit's ruling on millions of domain litigants worldwide, the gravity and abject legal errors inherent in the ruling, cannot be tolerated or permitted to stand.

The Ninth Circuit's perfunctory, rubber-stamping of the district court's order of dismissal, abrogates every major venue decision of this Court, ignores the three major caveats of *Bremen*, violates due process considerations, ignores federal constitutional standards which are a necessary component of the exercise of jurisdiction by *any* court, ignores Congressional intent as manifested in the ACPA, and fails to accord any weight whatsoever to the public policy considerations implicit in the forum selection process adopted by ICANN rules.

Worse, the Ninth Circuit's ruling potentially impacts 100 million domain registrants worldwide, and creates forum *uncertainty* where *certainty* previously prevailed. In violation of the federal statutory scheme, litigants in the Ninth Circuit can no longer depend on obtaining federal court access promised by Congress under the Anti-cybersquatting Consumer Protection Act ("ACPA"). 15 U.S.C. 1114(d)(2)(v).

The Ninth Circuit's ruling stands in sharp contrast to the decisions of the other Courts of Appeal cited above – all of whom uniformly adjudicate domain disputes filed by domain registrants under the ACPA —– and contravenes fundamental policies of federal law.

Ninth Circuit domain litigants can also no longer depend on their disputes being resolved in a mutually-agreed, readily-identifiable forum, but are instead now exposed to full-blown forum squabbles ---- expensive squabbles that could be easily eliminated, or drastically reduced, if a presumption of validity, and/or significant deference, were accorded ICANN forum choices. As the above-cited legislative history indicates, this is exactly the kind of result Congress sought to avoid in enacting the ACPA.

In the instant case, forum choice is a particularly important feature, where a domain registrant using various domains in exercise of First Amendment rights, is being oppressed by a trademark owner (Stanley) with virtually unlimited assets. In fact, as the legislative history (discussed above) indicates, the instant case is the paradigm situation anticipated by Congress in enacting certain protections for domain registrants, which were incorporated into the ACPA.

CONCLUSION

Bremen principles are not in need of modernization, but they are apparently in need of reiteration, at least in the Ninth Circuit in the instant case.

The advent of the Internet beckons this Court <u>not</u> to reformulate historical venue rulings, but at least to reaffirm them, and remind lower courts they need only adhere to

fundamental, longstanding forum choice rules (and federal law) to determine whether and where cases should be adjudicated.

Since ICANN's inception in 1999, there have been approximately 10,000 mandatory ICANN arbitrations. Those arbitrations potentially impact 100 domain registrars, and over 100 *million* domain owners, worldwide.

In these days of worldwide domain name and Internet litigation, more certainty in forum selection – not less – is clearly better. Thus, the Ninth Circuit's rejection of the ICANN forum stipulation, is both remarkable, and unprecedented.

For whatever other deficiencies ICANN may have, its forum choice rules are fundamentally sound. That is because the ICANN forum choice is typically that of the registrar's domicile, in the jurisdiction where the domain names were purchased and/or hosted. As such, that forum has constitutional advantages (the domain owner necessarily engaged in business there, and is therefore subject to jurisdiction there). Moreover, ICANN controls which entities are certified as registrars, giving it the ability to repose such responsibilities in the hands of registrars that are geographically accessible, and fundamentally responsible.

As such, the forum of the registrar is usually geographically and logistically better-situated to resolve the parties' domain dispute. In addition, in that jurisdiction (a) the registrar is directly subject to court orders concerning the domain, and (b) both trademark owner and domain registrant alike have submitted

All the foregoing considerations weigh heavily in favor of this Court issuing several helpful rules for the guidance of the various district courts, and federal courts of appeal, to-wit: (a) that the ICANN stipulation should be deemed presumptively valid, with the party opposing the presumption required to bear the burden or proof demonstrating another forum is proper, (b) that the domain registrant's choice of forum should be given considerable deference, and (c) that a party who initiates an ICANN proceeding on U.S. soil which relies on or attempts to adjudicate U.S. trademark rights, is deemed to have waived any objections to the stipulated U.S. forum.

For the reasons stated, the Ninth Circuit's order affirming the district court's dismissal should be REVERSED, and the case remanded to the appeals court with instructions.

Respectfully submitted this 27th day of May, 2004.

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Supreme Court, U.S.
FILED

No. (2)

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OFFICE OF THE CLERK

In The

Supreme Court of the United States

Philip R. McNeil

Petitioner

v.

The Stanley Works
and
Verisign, Inc.

Respondents

On Petition for Writ of Certiorari
To The Ninth Circuit Court of Appeals

APPENDIX
To Petition for Writ of Certiorari

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UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

[Filed 2/27/04]

Philip R. McNEIL, *Plaintiff--Appellant,*
v.
VERISIGN, INC.; et al., *Defendants --Appellees.*

No. 03-16946.
D.C. No. CV-02-04534-MHP

Decided February 27, 2004

Appeal from the United States District Court
for the Northern District of California
Marilyn H. Patel, District Judge, Presiding.

Before: FERNANDEZ, W. FLETCHER and TALLMAN, Circuit Judges

A review of the record and appellant's opening brief indicates that the questions raised in this appeal, as to appellees Verisgn, Inc. and The Stanley Works, are so insubstantial as not to require further argument. *See United States v. Hooton,* 693 F.2d 857, 858 (9th Cir. 1982) (per curiam).

Accordingly, appellees Verisign, Inc. and The Stanley Works' motions for summary affirmance are granted. The district court's judgment is affirmed as to Verisign, Inc. and The Stanley Works.

The Stanley Works' motion for sanctions, attorneys fees and costs, is denied.

Appellee ICANN's motion to stay the briefing schedule is denied as unnecessary. ICANN's answering brief was filed January 12, 2004, the remainder of this appeal is therefore ready for calendaring.

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
San Francisco Division

[Filed 8/27/03]

Civil Action No. C02-4534 (MHP)

PHILIP R. MCNEIL,)
Plaintiff,)
)
v.)
)
VERISIGN, INC.,)
ICANN ("Internet Corporation For)
Assigned Names And Numbers), and)
THE STANLEY WORKS.)
Defendants.)

MEMORANDUM AND ORDER
Re: Defendants' Motions to Dismiss

Plaintiff Philip McNeil brought this action against Stanley Works ("Stanley"), Internet Corporation for Assigned Names and Numbers ("ICANN") and Verisign, Inc., alleging that ICANN's substantive and procedural rules regarding the transfer of several Internet domain names from McNeil's name to Stanley's wrongfully deprived McNeil of those domain names, abridged his First Amendment right to free speech, and thereby warranted declaratory and injunctive relief. Now before the court are motions to dismiss by defendants ICANN, Stanley Works, and Verisign. Having considered the arguments of the parties, and for the reasons set forth below, this court rules as follows.

BACKGROUND[1]

Plaintiff, a disgruntled former distributor of Stanley's Mac Tool's division in Canada, operates a website criticizing the Stanley Works organization ("Stanley"). The website contains information regarding pending lawsuits, jury verdicts, and damages against Stanley. In response to Stanley's refusal to arbitrate issues related to plaintiff's distributorship, plaintiff purchased several U.S.-based Internet domains to disseminate an anti-Stanley message. He registered those domains with San Francisco-based Registrars.com, which was subsequently purchased by defendant Verisign.

In 2000, Stanley initiated a proceeding under ICANN's Uniform Domain Dispute Resolution Policy ("UDRP"),[2] in an effort ot force plaintiff to relinquish two of his domains: <www.stanleyworks.net> and <www.thestanleyworks.net>. After Stanley prevailed in the proceedings, the UDRP arbitrator ordered the names transferred from McNEil's name to Stanley's. Registrars.com complied with this order immediately.[3]

Plaintiff appealed to this court, naming Stanley as the sole defendant. This court dismissed the appeal on grounds of *forum non conveniens*, noting that McNeil at the time was a Canadian citizen engaged in related litigation with Stanley in Canada. McNeil v. Stanley Works, No. C00-1509 (July 24, 2000) (Patel, J.). The dismissal was affirmed by the Nith Circuit. McNeil v. Stanley Works, 33 Fed.Appx. 322 (9th Cir. 2002). While the case was on appeal to the Ninth Circuit, Stanley allowed its registrations of the relevant domain names to lapse, one of which plaintiff re-registered in his own name. Stanley has threatened to file another proceeding to reacquire that domain name, but has not yet done so. Stanley did, however, renew a separate domain proceeding against plaintiff in 2002, through which it obtained four more of plaintiff's anti-Stanley domains: <www.stanley-proto.com<, <www.stanley-

husky.com>, <www.stanley-hardware.com> <www.stanley-tools.com>.

Plaintiff's appeal of this decision in the instant action and the appeal of the previous UDRP proceeding in 2000 are governed by ICANN rules and policy. Every accredited registrar must incorporate ICANN's rules into its contracts with registrants. Rule 3(b)(xiii) states that appeals of UDRP arbitrations may be made to any court of competent jurisdiction, but in order to stay the transfer of lost domain names, the party adversely affected must appeal in a court of "mutual jurisdiction." Plaintiff's contract with Verisign specified the Norther District of California as that jurisdiction. Versign, in a letter of September 2002, advised plaintiff that he should file suit in San Francisco if he wished to prevent the transfer of the domain names to Stanley.

Plaintiff filed the instant action for declaratory and injunctive relief in order to clarify his rights under ICANN's provisions, the legality of the provisions, and his rights, if any, to the domain names at issue.

LEGAL STANDARD

I. Motion to Dismiss for Lack of Subject Matter Jurisdiction.

A party may challenge the court's jurisdiction over the subject matter of the complaint under Federal Rule of Civil Procedure 12(b)(1). A complaint will be dismissed if, looking at the complaint as a whole, it appears to lack jurisdiction either "facially" or "factually." See Thornhill Publ'g Col. v. General Tel. & Elec. Corp., 594 F.2d 739, 733 (9th Cir. 1979). The burden to show jurisdiction lies with plaintiff. Kokkonen v. Guardian Life Ins. Co. of America, 511 U.S. 375, 377, (1994) ("It is to be presumed that a cause lies outside this [court's] limited jurisdiction, and the burden of establishing the contrary rests upon the party asserting jurisdiction") (citations omitted).

II. Motion to Dismiss for Failure to State a Claim.

A motion to dismiss for failure to state a claim should be denied under Federal Rule of Civil Procedure 12(b)(6) "unless it appears beyond doubt that plaintiff can prove no set of facts in support of her claim which would entitle her to relief." Lewis v. Telephone Employees Credit Union, 87 F.3d 1537, 1545 (9th Cir. 1996) (citation omitted). "All allegations of material fact are taken as true and construed in the light most favorable to the nonmoving party." Cahill v. Liberty Mut. Inis. Co., 80 F.3d 336, 337-38 (9th Cir. 1996) (citations omitted). A pro se complaint, "however inartfully pleaded," is held to "less stringent standards than formal pleadings drafted by lawyers," and can only be dismissed for failure to state a claim if it appears "beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief." Klingele v. Eikenberry, 849 F.2d 409, 413 (9th Cir. 1988) (quoting Estelle v. Gamble, 429 U.S. 97, 106 (1976).[4]

DISCUSSION

I. Verisign's Motion to Dismiss.

Plaintiff requests an injunction prohibiting Versign from transferring any of the disputed domain names until a final adjudication has been reached.[5] In order to obtain an injunction, plaintiff must state a legal claim which would warrant such relief. See Audette v. Int'l Longshoremen's and Warehousemen's Union, 195 F.3d 1107, 1111 n.3 (9th Cir. 1999); Shamsian v. Atlantic Richfield Co., 107 Cal.App.4th 967, 987-85 (2d Dist. 2003) (noting that declarative and injunctive relief do not provide causes of action in themselves).

Plaintiff's only connection with Versign is a contract for the registration of certain domain names. His allegation that Verisign transferred the domain names before it was permitted

to do so under ICANN rules amounts to an allegation of breach of that contract. To state a claim for breach of contract, plaintiff must demonstrate (1) a contract, (2) plaintiff's performance or excuse for nonperformance, (3) defendant's breach, and (4) damage to plaintiff. Reichert v. General Ins. Col, 68 Cal 2d 822, 830 (1968); accord Amelco Elec. v. City of Thousand Oaks, 27 Cal.4th 228, 230 (2002).

Plaintiff alleges that Verisign transferred the disputed domain names while his timely appeal of the UDRP proceeding to this court was still pending, in violation of the terms of their contract as created by ICANN. Compl. 32. The relevant section of the UDRP, incorporate into plaintiff's contract with Verisign, states the following:

> If an administrative Panel decides that your domain name registration should be canceled or transferred, we will wait ten (10) business days (as observed in the location of our principal office) after we are informed by the applicable Provider of the Administrative Panel's decision before implementing that decision . . . If we receive such documentation within the ten (10) business day period, we will not implement that Administrative Panel's decision, and we will take no further action, until we receive (i) evidence satisfactory to us of a resolution between the parties; (ii) evidence satisfactory to us that your lawsuit has been dismissed or withdrawn; or (iii) a copy of an order from such court dismissing your lawsuit or ordering that you do not have the right to continue to use your domain name.
>
> Rule 3(b)(xiii). [The complaint shall] [s]tate that Complainant will submit, with respect to any

> challenges to a decision in the administrative proceeding canceling or transferring the domain name, to the jurisdiction of the courts in at least one specified Mutual Jurisdiction.[6]

UDRP 4(k), Hornak Dec., Exh. 1 ("UDRP"). Taking Plaintiff's allegations to be true, Versign transferred the domain names to Stanley before the appeal had been resolved, in violation of the above rule.[7] Nowhere, however, does plaintiff allege that any damage occurred from that breach, which only deprived him of the domain names during the appeal period to this court. Plaintiff's causes of action listed in the complaint exclusively concern current ownership of the domain names and ICANN's role in determining that ownership, not any damages that may have occurred between the UDRP ruling and the dismissal of the case against Stanley by the Ninth Circuit.[8] Compl. 90-99. Furthermore, the four websites at issue in the instant action currently display plaintiff's material. Plaintiff's prospective, speculative allegations of potential harm to these domain names fail to satisfy the damage element of breach of contract. See Reichert, 68 Cal2d at 830 (requiring specific damages to be alleged for a breach of contract claim). While Verisign points to several limitations of liability clauses in the contract, this court need make no determination as to their validity or effect. Plaintiff has failed to state a claim for breach of contract and therefore has failed to state any claim against Verisign.[9]

II. ICANN's Motion to Dismiss

Plaintiff's claims against ICANN center on ICANN's mandatory contractual provision set forth in Rule 4(k), which allegedly restricts appeals of UDRP proceedings to fora of "Mutual Jurisdiction."[10] ICANN requires all accredited registrars to enter into a contract with potential domain name owners, incorporating the above UDRP rule into their

agreement. See Bord v. Banco de Chile, 205 F.Supp. 2d 521, 523 (E.D. Va. 2002). Plaintiff alleges that the forum selection clause designates Northern California as the district in which he must make a timely appeal. This court already ruled this forum to be inconvenient in the previous action against Stanley, noting that plaintiff was a Canadian citizen engage din a parallel case in Canada. McNeil v. The Stanley Works, No. C-00-1509 MHP (July 24, 2000) (Patel, J.). Plaintiff argues that ICANN's rules have thus foreclosed his right to litigate on the merits, denying his alleged First Amendment right to free speech on the Internet, and his contractually guaranteed right to possess the domain names at issue. Id. 70-72, 83, 85, 94(g), 97.

B. Free Speech and Due Process Claims.

Plaintiff alleges that ICANN mandates rules and policies for registrars and domain name holders which effectively bar him from exercising his First Amendment right to free speech and violate his due process rights by denying him access to federal courts. Compl. 65-78.

There are two critical problems with McNeil attempting to assert a First Amendment right. The First Amendment protects against government action that abridges the rights protected by the Amendment. Thus, in order to state a claim for violation of the First Amendment, plaintiff must plead that defendants' conduct constituted action by the federal government and that defendant caused plaintiff to be deprived of his right to free speech. Single Moms, Inc. v. Montana Power Co., 331 F.3d 743, 747 (9th Cir. 2003) ("only when the government is responsible for plaintiff's complaints are individual constitutional rights implicated") (emphasis in original); See also Redgrave v. Boston Symphony Orchestra, 855 F.2d 888, 922 (1st Cir. 1988) ("the first amendment's free speech guarantee textually applies to action by the federal government alone").

Secondly, the Supreme Court has repeatedly held that the protections of the rights guaranteed by the Bill of Rights including the First Amendment extend only to citizens of the United States and resident aliens. See United States v. Verdugo-Urquidez, 494 U.S. 259, 270-71 (199) (upholding its earlier ruling in Kwong Hai Chew v. Coling, 344 U.S. 590, 596-598 & n.5 (1953) (if alien is a lawful permanent resident of the United States and remains physically present in the United Staes he is a person with the protections of the First and Fifth Amendments). American-ARab Anti-Discrimination Committee, 70 F.3d 1045, 1056-64 (9th Cir. 1995) *vacated on other grounds*, 525 U.S. 471 (1999).

The actions of the defendants in this case do not constitute governmental action. They are not an arm of the government and their conduct does not invoke First Amendment protections. Furthermore, plaintiff is not a citizen nor a permanent resident of the United States, or at least he has not so alleged. He resides in Canada from which he launches his broadsides. Although those broadsides travel into the United States via internet, he does so free of First Amendment protections. Therefore, he has no standing to assert First Amendment claims and those claims must be rejected.

McNeil also challenges the results of the arbitration in this particular case as a violation of his right to fair use of Stanley's trademarks, ICANN is not a proper defendant. ICANN did not participate in the arbitration in which McNeil lost the domain names at issue. The arbitration proceeding was conducted between Stanley and McNeil pursuant to a contract between McNeil and Verisign. ICANN's role in establishing the procedures and standards set forth in the UDRP does not implicate it in eery single dispute over a domain name. See Seven Words LLC v. Network Solutions, 260 F3d 10889, 1093 (9th Cir. 2001) (noting district court ruling that ICANN is not a proper defendant in a dispute over a domain name). McNeil is

not without a forum to resolve grievances about the outcome of arbitration – he may bring a petition to vacate the arbitration decision alleging that the arbitrator wrongfully awarded the domain names to Stanley.

McNeil does not limit his attack against ICANN to the judgment in the arbitration proceeding, however, but offers a broad indictment of the entire system of resolving domain name disputes through the UDRP. McNeil alleges:

> the current system has no properly authorized or uniformly defined body of law to govern international venue, jurisdiction or merits determinations, not to mention controversies involving fundamental civil and free speech rights. The procedures, in effect, impose unconstitutional prior restraints and restrictions on free speech rights of domain name registrants such as McNeil.

Compl. 67. Although McNeil casts his claim as a First Amendment issue, his complaint about the procedures mandated by ICANN seem directed at a violation of his due process rights, in that he allegedly has no forum in which to vindicate his First Amendment rights through an appeal of the arbitration. See Compl. 70-72. This argument fails for two reasons. As explained above, McNeil has no First Amendment rights. Also his argument misses the mark because it simply does not reflect the terms of the UDRP. Even assuming that ICANN can be held legally responsible for setting terms in the contract between McNeil and Verisign, the forum selection clause McNeil challenges merely determines where and when an appeal of the UDRP proceedings must be filed 4(k); Rules for Uniform Dispute Resolution Policy ("UDRP Rules"), Rule 3(b)(xiii). Nothing prevents McNeil from filing suit anywhere

in the world to regain the domain names he lost in the arbitration, nor from pursuing an appeal in an appropriate venue once this court dismissed the action on *forum non conveniens* grounds. UDRP 4(k) ("the mandatory administrative proceeding requirements . . . shall not prevent either you or the complainant from submitting the dispute to a court of competent jurisdiction for independent resolution"). "[D]ue process requires, at a minimum, the absent a countervailing state interest of overriding significance, persons forced to settle their claims of right and duty through the judicial process must be given a meaningful opportunity to be heard." Boddie v. Connecticut, 401 U.S. 371, 376 (1971). McNeil fails to indicate how the UDRP in any way restrict his ability to appeal the arbitrator's decision to the courts, and therefore fails to state a claim against ICANN for violating his due process rights via its role in promulgating the UDRP.

Plaintiff's purely conclusory allegations that "ICANN and its appointed arbitrators engage in repeated violations of free speech rights of litigants, including McNeil," Comp. 58, or that "ICANN Rules and Policy constitute a prior restraint on free speech and/or violate and abridge fundamental freedoms for any domain name registrant," are wholly unsupported by any factual allegations upon which a finding against ICANN might be based. A certain amount of leniency is given to pro se plaintiff's complaints; however, the failure to allege any fact upon which this court could find a violation of plaintiff's rights by ICANN must be considered a failure to state a claim. Lewis, 87 F.3d at 1545.[11]

B. Requests for Declaratory and Injunctive Relief

Declaratory and injunctive relief do not provide causes of action in themselves. See Audette v. Int'l Longshoremen's and Warehousemen's Union, 195 F.3d 1107, 1111 n.3 (9th Cir.

1999); Shamsian v. Atlantic Richfield Co., 107 Cal.App. 967, 984 (2d Dist. 203). Having failed to state any claim against ICANN, plaintiff therefore has no cause of action upon which to request declaratory or injunctive relief. Plaintiff maintains that a declaratory judgment is necessary to determine "whether ICANN rules or regulations, and ICANN-based decisional alw, provide a constitutionally, procedurally or substantively acceptable basis for adjudicating the rights of litigants in domain name proceedings." Compl. 94. However, to support his allegation, he states no claim upon which this Court could find it necessary to clarify his legal relation to ICANN, or resolve any legal controversy between the parties. See McGraw-Edison Co. v. Preformed Line Products Col, 362 F.2d 339, 342 (9th Cir. 1966). His vague allegations that ICANN is "Unfortunately confused about the interplay between the Anti-Cybersquatting Consumer Protection Act, federal trademark laws (including "fair use" standards), and the First Amendment, Compl. 84, does not rise to the level of a legal injury. See McGraw-Edison, 362 FR.2d at 342. This court therefore finds that plaintiff has no cause of action for declaratory or injunctive relief.

III. Stanley's Motions to Dismiss and for Rule 11 Sanctions.

On July 25, 2000, this court dismissed Plaintiff's case against Stanley on the grounds of forum non conveniens. McNeil v. The Stanley Works, No. C-00-1509 MHP (July 24, 2000) (Patel, J.). Particularly important in the reasoning behind this decision was the consideration that plaintiff was a Canadian citizen involved in parallel litigation in Canada, which would require Canadian witnesses. Stanley now moves for dismissal on the ground of issue preclusion and further moves for Rule 11 sanctions.

Collateral estoppel, or issue preclusion, bars the relitigation of issues actually adjudicated in preceding litigation between the same parties. Pool Water Products v. Olin Corp, 258 F.3d 93, 102 (9th Cir. 2001). The applicability of collateral estoppel is determined by whether the issues involved are substantially the same in present and prior litigation, whether determinative facts or legal principles have changed significantly since prior judgment, or whether other circumstances require exception to the general rule of preclusion. IN re Universal Life Church, 128 F.3d 1294, 1299-1300 (9th Cir. 1997). Jurisdictional issues can be barred by collateral estoppel. See N. Georgia Elec. Membership Corp. v. City of Calhoun, 989 F.2d 432-33 (11th Cir. 1993); Baris v. Sulpico Lines, Inc., 74 F.3d 567, 571 (5th Cir. 1996) aff'd en banc 101 F.3d 367 (5th Cir. 1996). And while forum non conveniens is not a jurisdictional concept per se, analysis of forum non conveniens follows that of venue and jurisdiction in that dismissal on such ground bars relitigation of that particular issue. Id.; See also 18 Wright Miller and Cooper, Federal Practice and Procedure, 4434 at 334.

The issue of forum non conveniens has not changed in any respect between plaintiff's first complaint and the action now before this court. Nowhere in the instant complaint does plaintiff allege any new claim against Stanley, nor does he introduce any new evidence that might support a finding by this court that differse in any way from the initial dismissal based on forum non conveniens. In fact, plaintiff concedes that the litigation in Canada, – an important factor in this court's original finding of forum non conveniens – has not yet been concluded. Compl. 80. This court's finding of forum non conveniens was affirmed by the Ninth Circuit in 2000, Stanley Mot. Dismiss Exh. 4, and plaintiff's attempt to recall the Ninth Circuit's mandate likewise failed. Id., Exh. 5. Furthermore,

plaintiff's claims against defendants Verisign and ICANN are wholly without merit and add nothing to his action against Stanley. Clearly the issue of forum non conveniens has been fully litigated and cannot be repeated in the instant action.

Rule 11 requires that claims be "warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law." Frivolous claims are those which are both baseless and conducted without a reasonable or adequate inquiry. Townsend v. Holman Consulting Corp., 929 F.2d 1328, 1362 (9th Cir. 1990). Plaintiff is fully aware that the issue of forum non conveniens was previously litigated, but has nonetheless brought the identical action back to this court. Stanley has repeatedly given plaintiff notice as to the possibility of sanctions in this situations, but plaintiff has maintained Stanley as a defendant. Stanley Mot. Dismiss and Sanctions; Stanley reply Mem. Mot. Dismiss and Sanctions. A reasonable inquiry into the preclusive effects of a finding of forum non conveniens, or even a perusal of Stanley's moving papers, would easily have discovered the frivolousness of plaintiff's complaint. See Buster v. Greisen, 104 F.3d 1186, 1190 (9th Cir. 1997) (finding res judicata and collateral estoppel to be sufficient grounds for imposing Rule 11 sanctions). Plaintiff has wasted Stanley's and this court's resources by his intransigence. Barring good cause excusing such conduct, this court will impose appropriate sanctions upon plaintiff and his de facto attorney, James Starnes.

CONCLUSION

For the reasons set forth above, this court hereby GRANTS Verisign's, ICANN's, and Stanley Works' motions to dismiss. This court further orders plaintiff McNeil to show cause

("OSC") within thirty (30) days why he and his attorney, James Starnes, should not be subject to sanctions under Rule 11. Defendants shall file their responses to the OSC within thirty (30) days of the filing of plaintiff's response to the OSC.

IT IS SO ORDERED.

Date: August 26, 2003.

_____/s/_____
Marilyn Hall Patel
Chief Judge
United States District Court
Northern District of California

ENDNOTES

1. All facts are taken from plaintiff's complaint unless otherwise noted.

2. ICANN is a private nonprofit corporation responsible for the accreditation of domain name registrars. Bord v. Banco de Chile, 205 F.Supp. 2d 521, 523 (E.D. Va. 2002); Seven Words LLC v. Network Solutions, 260 F.3d 10889, 1092 (9th Cir. 2001). The UDRP was created by ICANN to arbitrate disputes arising out of domain name registrations.

3. Verisign maintains that it has not transferred the domain names at issue and is holding them pending the instant action. Verisign Mot. Dismiss. 8:11-12.

4. This court is disturbed at the evidence indicating that McNeil is receiving significant, unreported legal counsel from James Starnes of Starnes Law Firm, 2 E. Bryan

Street, Savannah, GA. Schaberg Dec. Exhs A-E. AS defendant Stanley has pointed out, "McNeil's pleadings manifestly are drafted by someone with legal knowledge and skills." Stanley Mot. Dismiss, 6 n.6. Starnes has all but conceded this fact, sending letter to Stanley explicitly requesting that defendants "not again attempt to communicate with [his] client," Schaberg Dec. Exh. B, as has McNeil. Comp. 88 ("[plaintiff] is totally reliant on U.S. counsel for most of his assistance"). Courts have overwhelmingly condemned the practice of attorneys ghostwriting briefs for litigants who present themselves to the court as pro se. See e.g., Druan v. Carris, 238 F.3d 268, 1272 (10th Cir. 2001) (ghostwriting "constitutes a misrepresentation to [the] court by litigant and attorney"); Ricotta v. California, 4 F.Supp. 2d 961, 987 (S.D. Cal. 1998) ("attorneys cross the line . . . when they gather and anonymously present legal arguments, with the actual or constructive knowledge that the work will be presented in some similar form in a motion before the court."). Danger arises "if courts mistakenly believe that the ghostwritten pleading was drafted without legal assistance, [because] they might apply an unwarranted degree of leniency to a pleading that was actually drafted with the assistance of counsel." Duran, 238 F.3d at 1272. Furthermore, attorneys violate the signature requirements of Rule 11(aq), not only evading responsibility for their actions, but also opening themselves to sanctions under Rule 11(c). Id., 15 1271-72.

5. Plaintiff specifies that this adjudication need not necessarily be a court specified under ICANN's provisions. Compl. 97.

6. Mutual Jurisdiction "means a court jurisdiction at the location of either (a) the principal office of the Registrar (provided the domain-name holder has submitted in its Registration Agreement to that jurisdiction for court adjudication of disputes concerning or arising from the use of the domain name) or (b) the domain-name holder's address as shown for the registration of the domain name in Registrar's Whois Database at the time the complaint is submitted to the provider." ICANN Rules for Uniform Domain Name Dispute Resolution Policy.

7. Neither side disputes that plaintiff made a timely appeal to this court after the UDRP finding in 2000. Compl. 32; Verisign Mot. Dismiss, 16:10-11.

8. Although the adjudication by the Ninth Circuit on the issue of forum non conveniens did not address the merits of McNeil's appeal, ICANN rules only require registrars to refrain from transferring domain names pending appeal of UDRP proceedings until the appellant's action "has been dismissed or withdrawn." UDRP 4.

9. Nor can plaintiff state a claim for injunctive relief under this theory, because the issue of domain name ownership has been resolved by the Ninth Circuit and is therefore moot. See 15 U.S.C. 1114(2)(D)(II).

10. See supra, note 6.

11. Furthermore, as explained in note 4 above, plaintiff has had legal assistance as is clear from some of the pleadings filed in this case.

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

[Filed 8/28/02]

Philip R. McNEIL, Plaintiff--Appellant,
v.
The STANLEY WORKS, Defendant--Appellee.
No. 00-16557.
D.C. No. CV-00-01509-MHP

Argued and Submitted Dec. 5, 2001.
Decided April 10, 2002.

Appeal from the United States District Court
for the Northern District of California
Marilyn H. Patel, District Judge, Presiding.

Before HUG, D.W. NELSON, and HAWKINS, Circuit Judges.

ORDER

Appellant's Motion to Recall Mandate and for Leave to File Verified Motion for Sanctions is DENIED.

DATED: ***August 28, 2002.***

NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

[Filed 4/10/02]

Philip R. McNEIL, Plaintiff--Appellant,
v.
The STANLEY WORKS, Defendant--Appellee.
No. 00-16557.
D.C. No. CV-00-01509-MHP

Argued and Submitted Dec. 5, 2001.
Decided April 10, 2002.

Appeal from the United States District Court
for the Northern District of California
Marilyn H. Patel, District Judge, Presiding.

Before HUG, D.W. NELSON, and HAWKINS, Circuit Judges.

MEMORANDUM

Philip McNeil ("McNeil") appeals the district court's judgment dismissing his action against The Stanley Works ("Stanley") on the basis of abstention and, alternatively, forum non conveniens. The district court had jurisdiction pursuant to 28 U.S.C. §§ 1331, 1332, and 1367, and we have jurisdiction over McNeil's timely appeal under 28 U.S.C. § 1291. We affirm the district court's judgment dismissing McNeil's action on the ground of forum non conveniens. Because the parties are familiar with the factual and procedural history of this case, we do not recount it here.

A forum non conveniens determination "is committed to [the] sound discretion of the trial court," and "may be reversed only when there has been a clear abuse of discretion." Ravelo Monegro v. Rosa, 211 F.3d 509, 511 (9th Cir.2000) (quoting Creative Tech., Ltd. v. Aztech Sys. Pte Ltd., 61 F.3d 696, 699 (9th Cir.1995)). The district court abuses its discretion when it relies upon an erroneous view of the law, relies upon a clearly erroneous assessment of the evidence, or strikes an unreasonable balance of the relevant factors. Id. We find no such abuse here.

McNeil argues that the district court erred in undertaking a forum non conveniens analysis, rather than an analysis under Bremen v. Zapata Off- Shore Co., 407 U.S. 1, 15-17, 92 S.Ct. 1907, 32 L.Ed.2d 513 (1972). McNeil cites the forum choice that Stanley made in its complaints initiating administrative proceedings against McNeil pursuant to the Uniform Domain-Name Dispute-Resolution Policy ("UDRP"). Stanley stated that it "will submit," with respect to challenges to the administrative decisions, to the jurisdiction of the courts of San Francisco, California. Assuming that Stanley's forum choice is a contractual provision that McNeil can enforce against Stanley, a proposition that we find doubtful, we note that Stanley's consent to jurisdiction is permissive, rather than mandatory, because it does not specify that the courts of San Francisco, California will have exclusive jurisdiction. See N. Cal. Dist. Council of Laborers v. Pittsburg-Des Moines Steel Co., 69 F.3d 1034, 1036-37 (9th Cir.1995) ("To be mandatory, a clause must contain language that clearly designates a forum as the exclusive one."). Accordingly, the district court properly applied a forum non conveniens, rather than a Bremen, analysis. See Evolution Online Sys., Inc. v. Koninklijke PTT Nederland N.V., 145 F.3d 505, 509-10 (2d Cir.1998) (the district court reaches a forum non conveniens analysis if it finds that the parties did not form a contract containing a mandatory forum selection clause).

McNeil also faults the district court for failing to perform a choice- of-law analysis, asserting that United States courts typically retain jurisdiction, rather than relegate the controversy to a foreign tribunal, when United States law applies. We disagree. A choice-of-law determination need be made only when the case involves a statute requiring venue in the United States. Lueck v. Sundstrand Corp., 236 F.3d 1137, 1148 (9th Cir.2001). No such statute is at issue here. Moreover, contrary to McNeil's assertion, the applicability of United States law "ordinarily [should] not be given conclusive or even substantive weight." Gemini Capital Group, Inc. v. Yap Fishing Corp., 150 F.3d 1088, 1092 (9th Cir.1998) (internal quotations omitted). The district court therefore correctly declined to perform a choice-of-law analysis.

The first step of the forum non conveniens analysis asks whether Canada is an adequate, alternative forum for resolving McNeil's complaints. See Cheng v. Boeing Co., 708 F.2d 1406, 1411 (9th Cir.1983). At oral argument before this court, Stanley stipulated that it would submit to jurisdiction in Canada should McNeil bring his claims as cross-claims in the Canadian litigation already pending between the parties, or in a separate action. Canada permits litigation of the subject matter of McNeil's lawsuit, as is evidenced by the primary authority that Stanley cited in its briefs filed with the district court. Consequently, we find that Canada provides an adequate, alternative forum. See Piper Aircraft Co. v. Reyno, 454 U.S. 235, 254-55 n. 22, 102 S.Ct. 252, 70 L.Ed.2d 419 (1981) (to be adequate, an alternative forum must permit litigation of the subject matter of the dispute, and the defendant must be amenable to process there). Canada is not unsuitable, as McNeil contends, simply because the rights and legal protections provided by Canadian law may be less extensive than those afforded by United States law. See Piper Aircraft, 454 U.S. at 247 (a foreign country is not an inadequate forum merely because its laws offer plaintiffs a

lesser remedy than they might expect to receive in the United States); Lueck, 236 F.3d at 1143 (same).

The second step of the forum non conveniens analysis requires consideration of the private interests of the parties and the interests of the public in retaining the action for trial in San Francisco, California. See Creative Tech., Ltd. v. Aztech Sys. Pte Ltd., 61 F.3d 696, 699 (9th Cir.1995). The district court concluded that, on the whole, the balance of private and public interest factors points to Canada, not California, as the appropriate forum. We agree.

McNeil is a Canadian citizen, and Stanley a Connecticut citizen. The parties' dispute arises out of a failed business relationship between McNeil and Stanley's Canadian subsidiary. The dispute's only tie to California is McNeil's registration of Internet domain names through a registrar whose principal office is in San Francisco, California. Given these facts, the district court could reasonably find that the bulk of any relevant witnesses and evidence would be located in Canada, rather than California. Moreover, as a foreign citizen, McNeil's choice of California as a forum is entitled to less deference. See Piper Aircraft, 454 U.S. at 255-56. Accordingly, we find that the district court did not abuse its discretion in concluding that the private interest factors, such as the residence of the parties and the forum's convenience to the litigants, witnesses, and, sources of proof, favor litigation in Canada, rather than California. See Lueck, 236 F.3d at 1145 (citing private interest factors for consideration).

McNeil argues that, in balancing the private interest factors, the district court did not accord proper weight to Stanley's consent to jurisdiction in the courts of San Francisco, California for challenges to the administrative decisions in the UDRP proceedings. We disagree. A permissive choice of forum does not constitute a concession that the forum selected is convenient, and does not require the party moving to dismiss

on the basis of forum non conveniens to make a heightened showing of inconvenience. See Blanco v. Banco Indus. de Venezuela S.A., 997 F.2d 974, 979-80 (2d Cir.1993); see also Gemini Capital, 150 F.3d at 1092 ("a court has the power to dismiss an action on forum non conveniens grounds notwithstanding an agreement to arbitrate in the selected forum"). This is so because, under the doctrine of forum non conveniens, "the court may, in the exercise of its sound discretion, dismiss the case, even if jurisdiction and proper venue are established." Am. Dredging Co. v. Miller, 510 U.S. 443, 448, 114 S.Ct. 981, 127 L.Ed.2d 285 (1994) (internal quotations omitted).

McNeil also contends that the district court's balancing of the private interest factors underweighed the difficulty of enforcing a Canadian judgment against the San Francisco-based Internet domain name registrar. We find that McNeil overstates any difficulty to be encountered. McNeil's registration agreement with the San Francisco-based registrar incorporates the UDRP provisions. See Uniform Domain-Name Dispute-Resolution Policy, ¶ 1 ("Purpose"), at http://www.icann.org/ udrp/udrp-policy-24oct99.htm (Aug. 26, 1999). One of the UDRP provisions states that the Internet domain name registrar "will cancel, transfer or otherwise make changes to domain name registrations" upon "receipt of an order from a court ... of competent jurisdiction, requiring such action." Id. at ¶ 3 ("Cancellations, Transfers, and Changes"). In light of this provision, we have no reason to believe that the San Francisco-based registrar will not promptly enforce a Canadian court's judgment with respect to McNeil's registered Internet domain names. Accordingly, the district court did not err when it found that the issue of judgment enforcement did not favor retaining the action for trial in San Francisco, California. [FN1]

FN1. We decline to consider McNeil's argument that the district court erred in failing to grant his motion to join the San Francisco-based registrar as an indispensable party because the district court did not rule on the motion before dismissing the case. See Dodd v. Hood River County, 59 F.3d 852, 863 (9th Cir.1995) ("[a]s a general rule, a federal appellate court does not consider an issue not passed upon below").

Likewise, the district court did not abuse its discretion in concluding that the public interest factors point to Canada, not California, as the appropriate forum. Given San Francisco's tangential relationship to the dispute, the local interest in retaining the suit is negligible. By comparison, Canada has a strong interest in hearing a case brought by a Canadian citizen regarding a dispute that arises out of a failed business relationship between its citizen and the Canadian subsidiary of a Connecticut company. Consequently, it was reasonable for the district court to conclude that Canada should incur the expense of the trial, rather than burden the California courts with the costs of resolving a dispute largely unrelated to the forum. See Lueck, 236 F.3d at 1147 (citing public interest factors for consideration).

We find no abuse of discretion in the district court's holding that Canada is an adequate, alternative forum, and that the balance of private and public factors points to trial in Canada, not San Francisco, California. We therefore affirm the district court's dismissal of McNeil's action on the basis of forum non conveniens.

AFFIRMED.

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
San Francisco Division

[Filed 7/24/00]

Civil Action No. C00-1509 (MHP)

PHILIP R. MCNEIL,	)
Plaintiff,	)
	)
v.	)
	)
THE STANLEY WORKS.	)
Defendant.	)

MEMORANDUM AND ORDER

Plaintiff Philip McNeil brought this action seeking damages, declaratory relief and a permanent injunction. Now before the court is defendant's motion to dismiss. Having considered the parties' arguments and submissions, and for the reasons set forth below, this court enters the following memorandum and order.

BACKGROUND

Plaintiff's claims arise out of an unsatisfactory business relationship in which he operated a mobile tool distributorship marketed by defendant Stanley. Out of frustration over the experience, plaintiff has set up various web sites in which he expresses his dissatisfaction with the defendant. He seeks damages for defendant's alleged abuse of process, intentional infliction of emotional distress and denial of palintiff's rights in violation of 42 U.S.C. section 1983. Plaintiff also claims that he

is entitled to a declaratory judgment awarding him the ownership of the domain names mactools.ab.ca, stanleysucks.com, mactoolssuck.com, thestanleyworks.net, stanleyworks.net, stanley-proto.com, stanley-husky.com, stanley-tools.com, and stanley-hardware.com. Finally, he seeks an injunction preventing defendant from instituting further litigation regarding the ownership of these domain names.

Plaintiff is a citizen of Canada and defendant is domiciled in Connecticut. Currently, there is a pending lawsuit and a pending arbitration in Canada, both of which are between these two parties. There is also a pending administrative proceeding between these two parties concerning domain names registered with ICANN.[1] The Canadian lawsuit deals with the ownership of the domain name mactools.ab.ca. The Canadian arbitration is addressing the dispute regarding McNeil's distributorship. The pending ICANN proceeding is adjudicating the ownership of the following domain names: stanley-proto.com, stanley-husky.com, stanley-tools,.com, and stanley-hardware.com. Furthermore, ICANN has already resolved in an administrative proceeding that McNeil must transfer the names stanleyworks.net and the stanleyworks.net to Stanley. Plaintiff asserts that this court has federal question, diversity, and supplemental jurisdiction over his claims pursuant to 28 U.S.C. sections 1331, 1332(a)(2) and 1367.

II. No Cognizable Federal Claim.

Plaintiff contends that Stanley has acted under color of state law to deny him his right to free speech in violation of 42 U.S.C. section 1983. To state a claim under section 1983, a plaintiff must allege that he is a citizen of or within the jurisdiction of the United States and that the defendant has violated his rights secured by the Constitution while acting

under color of state law. See 42 U.S.C. Sec. 1983. Plaintiff has not alleged that he is among the class of prosepctive plaintiffs as described in the statute, nor has he raised any plausible argument that defendant is a state actor. Plaintiff claims taht defendant's state action is abiding by the decision made in the completed ICANN proceeding. An individual may be aable to state a claim under section 1983 against a private party who conspires with a state actor. However, state legal procedure does not constitute "conspiracy" with state officials sufficient to satisfy section 1983's state action requirement. See Schucker v. Rockwood, 846 F.2d 1202, 1205 (9th Cir. 1988) (citing Dennis v. Sparks, 449 U.S. 24, 27-29 (1980); Lugar v. EdmonsonOil Co., 457 U.S. 922, 939 n.21 (1982). Furthermore, there are no state officials alleged to be involved inthe activities of which plaintiff complains. The Canadian courts are not "state officials" for the purposes of section 1983 and ICANN is a private non-profit entity. Consequently, plaintiff has failed to state a claim under section 1983.

III. Abstention to Avoid Duplicative Litigation.

The court will abstain from exercising jurisdiction over the remaining state law claims to avoid duplicative litigation. In exceptional circumstances, a federal court may abstain when there is parallel litigation in another forum. See Colorado River Water Conservation Dist. v. United States, 424 U.S. 800 (1976); Moses H. Cone Mem'l Hosp. v. Mercury Constr. Co., 460 U.S. 1 (1983).

Plaintiff has raised issues in this action that are currently being tried in other forums.[2] This court must consider five factors in deciding whether to abstain from hearing the present action: (1) the problem s that occur with parallel proceedings; (2) relative inconvenience of the federal forum; (3) the need to avoid piecemeal litigation; (4) the order in which the parallel

proceedings were filed; and (5) whether a federal question is present. See Coloardo River, 424 U.S. at 818; Moses Cone, 460 U.S. at 23. Continuing with parallel proceedings is problematic in that it wastes judicial resources when the court that decides first binds the other. In the presnt action, the federal forum is remarkably less convenient that in the Canadian forum. Plaintiff, witnesses, and evidence are all in Canada and defendant has already instituted proceedings in Canada. The only tie with the federal forum is the registration of certain domain names with ICANN, a corporation that is not a party to this litigation. In addition, it is important to avoid piecemeal litigation; these issues are being debated in other forums, and adding another lawsuit to the picture which is based on the same facts would increase unwarranted administrative complexity. Moreover, the parallel proceedings were filed before the plaintiff's complaint was filed with this court. Finally, since the court is dismissing the section 1983 claim for failure to state a claim, there is no federal question here. The court, therefore, has no "unflagging" obligation to hear this matter as it does not involve a federal claim. Hence, dismissal rather that a mere stay is appropriate. In light of the parallel proceedings and for the reasons stated above, the court abstains from hearing this action and dismisses it on these grounds.

IV. Forum Non Conveniens.

Even if the court did not abstain, the court would dismiss on grounds of forum non conveniens. Dismissal is appropraite where there is an available alternative forum and where the balance of private and public interests clearly points toward trial in the alternative forum. See Piper Aircraft Co. v. Reyno, 454 U.S. 235 (1981). Furthermore, the presumption in favor of the palintiff's choice of forum is weaker when the plaintiff is foreign. Id. at 255-56.

The Canadian courts are an available alternative forum as plaintiff is currently involved in litigation there. In analyizing the private interest factors, it is evident that the alternative forum is more appropriate. The plaintiff is a citizen and resident of Canada and he has no ties with the United Sates other than dealings with ICANN.[3] Furthermore, all evidence and witnesses are likely to be in Canada, making litigation in that forum more conveinent and less costly for all parties. The public interest factors also weigh heavily on the side of dismissal. Canada's interest in this litigation is much stronger than that of the United States, as the claims regarding the business relationship arise out of occurrences in Canada and the party bringing the action is a Canadian citizen. Furthermore, parallel litigation is pending in Canada, and hearing the case in the United States would thus be a waste of judicial resources. The balance of private and public factors points toward Canada as the more appropriate forum.

V. No Adequate Reason for Continuance.

Plaintiff has made a motion for continuance, as he has recently obtained the services of an attorney. The court finds that the assistance of an attorney would not add merit to plaintiff's claims and would not change the court's decision to dismiss the action. Accordingly, the motion for continuance is denied.

VI. Conclusion.

For the foregoing reasons, the court GRANTS defendant's motion to dismiss.

DATED: July 24, 2000

_____/s/_____
Marilyn Hall Patel
Chief Judge

ENDNOTES

1. The Internet Corporation for Assigned Names and Numbers (ICANN) is a nonprofit, private sector corporation set up to oversee Web-name assignments and resolve domain name disputes by an agreement of understanding with the Department of Commerce in the United States. See J. Zittrain, ICANN: Between the Public and Private – Comments Before Congress, 14 Berkeley Tech. C.J. 1071, 1082 (Fall 1999).

2. Given the nature of the Canadian proceedings and given that the conduct precipitating the allegations took place in Canada, the Canadian court is the appropriate forum in which to raise abuse of process, intentional infliction of emotional distress and denial of fundamental rights claims. Plaintiff seeks an injunction and declaratory judgment from this court regarding the ownership of the domain names stanleysucks.com and mactoolssuck.com which were issued by ICANN and have not been challenged by Stanley. This court can issue a declaratory judgment "in a case of actual controversy within its jurisdiction." 28 U.S.C. Sec. 2201. The actual controversy requirement demands a "substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality." Maryland Cas. Co. V. Pacific Coal & Oil Col, 312 U.S. 270, 273 (1941). The court is dubious that there is an actual controversy here and that plaintiff has followed the administrative procedures mandated by his ICANN contract. Even if there is an actual controversy, the court is dismissing the claim on forum

non conveniens as there is a more appropriate forum in which to bring this action.

3. Plaintiff argues that ICANN rules mandate than any litigation regarding domain names registered with ICANN be litigated in San Francisco. This is an inaccurate interpretation of the rules. ICANN Rule 3(b)(xiii) states that complainant will submit to jurisdiction in the forum, but does not mandate litigation there. Furthermore, dismissal for forum non conveniens is not dismissal for want of personal jurisdiction, but rather dismissal on the basis of inconvenience.

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[Filed 4/28/00]

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
San Francisco Division

Civil Action No. C00-1509 (MHP)

PHILIP R. MCNEIL,
Plaintiff,

v.

THE STANLEY WORKS.
Defendant.

COMPLAINT
(Jury Demand)

COMES NOW the Plaintiff, *Pro Se*, and for his Complaint against Defendant states:

I. JURISDICTION

1. Plaintiff is a Canadian citizen, and Defendant The Stanley Works (hereinafter "Stanley"), is domiciled in Connecticut. This case arose from Plaintiff's ownership and operation of an anti-Stanley web site at ***www.mactools.ab.ca***. Mr. McNeil's web site is accessible throughout the world on the

Internet. The purpose of Plaintiff's web site is to disseminate information critical of The Stanley Works, a *former* Fortune 500 company which Plaintiff alleges defrauded him out of his life savings.

2. In an effort to stifle Plaintiff's free speech rights, shut down the web site, minimize publicity of its fraudulent business practices, and otherwise damage Plaintiff, Stanley has asserted five legal claims against Plaintiff, including: (a) a $15 million defamation action in Canada, (b) an arbitration proceeding with two claims totalling $83,769.50, and (c) two ICANN proceedings (i.e. Internet Corporation for Assigned Names and Numbers) seeking to recover domain names owned by the Plaintiff which Stanley contends infringe on its federal trademark rights.

3. Plaintiff seeks damages, as well as declaratory and injunctive relief authorizing him to operate his web site with the existing domain names and links intact. The amount in controversy exceeds $100,000.00, exclusive of interest and costs.

4. Stanley has consented to jurisdiction in San Francisco, California, which is the location of the Internet registrar for the domain names in question.

5. This Court has jurisdiction over this controversy by virtue of 28 USCA § 1332(a)(2) (foreign citizen diversity), 28 USCA § 1331 (federal question), and/or 28 USCA § 1367 (supplemental jurisdiction).

II. PARTIES

6. Plaintiff is a citizen of Grande Prairie, Alberta, Canada.

7. Defendant The Stanley Works (hereinafter "Stanley"), is a citizen of Connecticut. Its registered agent for service of process is CT Corporation Systems, 818 West 7th Street, Los Angeles, CA, 90017.

III. FACTS

A. Genesis Of Parties' Relationship

8. The following facts led to the launch of Plaintiff's anti-Stanley web site, and the plethora of litigation between these two parties.

9. Between 1993 and 1998, Plaintiff was defrauded into investing and operating a mobile tool distributorship marketed by Defendant Stanley.

10. Stanley's fraud consisted of, but was not limited to misrepresenting to Mr. McNeil: (a) the viability of the business opportunity, (b) the quality, identity and number of customers on Plaintiff's route, (c) the geographical scope of the territory assigned, (d) reasons for failure of the previous dealer, (e) income, (f) sales, (g) profits, (h) expenses of the business, (i) training, (j) monitoring, (k) supervision, (l) field support, (m) skill of management, (n) credit programs, (o) backorders, (p) product availability, and (q) account status and purchasing privileges.

11. Specifically, Mr. McNeil was told that average annual expenses for the distributorships were around $10,000.00 Canadian ($6,500.00 American), and that average annual sales volume of $186,000.00 Canadian ($120,900.00 American) would thus generate net annual income of $56,000.00 Canadian ($36,400.00 American).

12. Stanley's representations were false, and were not based on the actual experience of Mac dealers. Relying on the misrepresentations, Plaintiff made a sizeable financial investment into a Stanley distributorship.

13. After the investment was made, Stanley failed and refused to adhere to minimal training standards set forth in company management manuals.

14. Stanley's training goals were implemented as minimum performance standards for the sole purpose of

ensuring a business was viable prior to training being terminated. Contrary to Stanley's manual, Mr. McNeil's training was terminated without having achieved *a single training goal.*

15. Stanley's abandonment of its training standards was purposeful, in bad faith, and reflects Stanley's total lack of concern with the viability of its distributorships.

16. In addition, a "*Doomsday Scenario*" [Stanley's terminology] circulated in internal business proposals during 1992 and 1993 stated that annual sales of $250,000.00 American ($350,000.00 Canadian) were required to maintain viability for a mobile tool distributorship. Despite that knowledge, Stanley recruited McNeil into the business knowing he was unlikely to generate annual sales greater than half that amount, i.e. $125,000.00 American ($200,000.00 Canadian).

17. In reality, the average expenses for most dealers were two to four times the figure given by Stanley to McNeil, and the territory assigned McNeil was incapable of generating the kind of sales volume projected by Stanley.

18. To add insult to injury, in 1997 Stanley intentionally prevented Mr. McNeil (and other dealers) from purchasing product or using credit programs due to credit department snafus that froze his trade account and which were entirely the fault of the company.

B. Decline Of The Stanley Works

19. Stanley purchased Mac Tools in or around 1980, and began marketing thousands of mobile tool distributorships to families in the United States and Canada.

20. Due to Stanley's inept leadership and fraudulent conduct, thousands of Mac distributorships failed, resulting in staggering financial losses for distributors.

21. Stanley's conduct ultimately led to disastrous results for the company, including at least two punitive damage

verdicts, one for $2.2 million (*Gleaves v. Mac Tools, Inc.*), and another for $500,000.00 (*Griffin v. Mac Tools*).

22. In McNeil's case, just as in *Griffin*, The Stanley Works "*advertised for sale ... training, support, and collection services that it never intended to provide.*"

23. Stanley's treatment of McNeil, just as the court found in *Griffin*, "*was not an isolated incident,*" but instead represented a pattern of continuing fraudulent conduct by which thousands of unsuspecting consumers were induced to invest their life savings, and/or that of their parents or families, into distributorships the company marketed knowing they were non-viable.

24. In McNeil's case, just as in *Griffin*, "*indefensible tactics [were] used by Mac against ... local distributors.*"

25. In McNeil's case, like the trial judge also noted in *Griffin*, "*It is difficult to fathom why a company that has a deserved reputation for manufacturing high-quality products would be willing to treat its primary customers -- the local distributors -- so shabbily ... Mac enticed new and unsophisticated distributors into the business with misleading information and pie-in-the-sky projections ... Mac routinely failed to honor its promises of support ... Mac was determined to squeeze every penny it could out of its distributors, within or without the confines of the law.*"

26. In McNeil's case, as in *Griffin*, it is clear that Stanley "*is a multi-million dollar company with many distributors, and only a large award of exemplary damages will deter it from similar conduct in the future.*" The *Griffin* decision was upheld by the Idaho Supreme Court.

C. Why Is Stanley So Aggressively Pursuing Phil McNeil?

27. For years, Stanley has defended itself against hundreds of legal claims asserted by United States' distributors.

28. Mr. McNeil's legal action filed against Stanley in Canada was the first known case filed by a Canadian distributor

against Stanley.

29. Stanley's unconscionable vendetta against Mr. McNeil is for the purpose of discouraging lawsuits, and preventing a similar proliferation of legal claims by Canadian distributors.

D. Procedural History

30. During its recruitment of Canadian distributors between 1990 and 1996, Stanley routinely and blatantly violated the Alberta Franchise Acts of 1980 and 1995.

31. At or near the end of his distributorship, Plaintiff commenced litigation against Stanley in Canada to recover damages for fraud, breach of contract, unfair and deceptive trade practices, and violations of the Alberta Franchise Act.

32. Stanley moved to dismiss Plaintiff's suit based on an arbitration clause.

33. The arbitration clause had been buried in a finance agreement signed by the Plaintiff in 1995, and was fraudulently procured by Stanley.

34. Canadian Master Funduk ordered the case to arbitration, unaware the arbitration clause had been procured by fraud.

35. For the next eighteen months (without the benefit of legal counsel), the Plaintiff repeatedly requested through Stanley's attorneys that Stanley arbitrate the case, and for eighteen months, Stanley's attorneys ignored Plaintiff's pleas for arbitration.

36. Because Stanley failed to acknowledge his request for arbitration, Plaintiff launched a web site criticizing The Stanley Works.

37. Plaintiff's web site is located on the World Wide Web at the address ***www.mactools.ab.ca***.

38. On the web site, Plaintiff discusses details of his own case, identifies and analyzes numerous business practices

of The Stanley Works, discloses punitive damage verdicts rendered against Stanley, and discusses the high turnover rate of Stanley distributors.

39. The information disseminated on the Plaintiff's web site is true and accurate in every material respect.

40. The information disseminated through the web site pertains almost exclusively to fraudulent business practices and "scorch and burn" litigation tactics of The Stanley Works.

41. Among other things, Plaintiff alleges on the web site that Stanley has marketed thousands of non-viable mobile tool distributorships to middle class families throughout the United States and Canada.

42. On the web site Plaintiff maintains that Stanley routinely promised training and support for its distributorships that simply did not exist, and that the company historically engaged in a pattern and practice of dishonest and abusive conduct toward its distributors, including Plaintiff.

43. On the web site Plaintiff states that Stanley's marketing of the tool distributorship has met with disastrous results, including at least two punitive damage verdicts, one for $2.2 million (*Gleaves v. Mac Tools, Inc.*), and one for $500,000.00 (*Griffin v. Mac Tools, Inc.*).

44. Shortly after its launch, Stanley's attorneys demanded that Plaintiff cease operating the web site.

45. Plaintiff refused. In fact, angered because of Stanley's refusal to arbitrate the claims Plaintiff had filed against it, Plaintiff threatened to escalate his web activities, stating ***"expanded Internet domains specific to Stanley, and their activities, are the next logical step in this new arena of battle."***

46. A few months later, Plaintiff acquired domain names through ICANN-designated registrars, and linked them to his web site.

47. Stanley then filed its first lawsuit against Plaintiff, a $15 million defamation action. Later, Stanley pursued two arbitration claims against Plaintiff totalling $83,769.50.

48. Then, in recent months, Stanley instituted two ICANN proceedings seeking to recover domain names from Plaintiff, first of which was filed February 24, 2000, and the last of which was filed April 26, 2000.

49. All the aforementioned proceedings are frivolous, and their primary purpose was (a) to destroy Mr. McNeil both personally and financially, (b) to conceal the truth about the fraudulent nature of Stanley's distributorship opportunity as marketed in Canada, (c) to discourage other failed Canadian dealers from filing legal actions against the company, (d) to acquire Plaintiff's proprietary rights in certain domain names without just compensation or due process of law, and (e) to illegally interfere with, and damage, Plaintiff's civil rights, including his freedom of expression on the Internet.

50. Plaintiff McNeil has filed this suit (a) to recover damages for Stanley's malicious abuse of process, (b) to obtain a permanent injunction declaring Plaintiff the lawful owner of several Internet domain names, and (c) to obtain an injunction permitting Mr. McNeil to continue operating the web site *mactools.ab.ca* through specified links, including but not limited to: *stanleysucks.com, mactoolssuck.com, thestanleyworks.net, stanleyworks.net, stanley-proto.com, stanley-husky.com, stanley-tools.com,* and *stanley-hardware.com.*

IV. CAUSES OF ACTION

COUNTS ONE AND TWO: Declaratory And Injunctive Relief

51. Plaintiff incorporates by reference the previous and subsequent allegations of this Complaint.

52. Plaintiff operates his anti-Stanley web site, and utilizes the aforementioned domain names in exercise of

fundamental rights protected by the First Amendment to the United States Constitution and international law.

53. Plaintiff is the lawful owner of the domain names, and is using the names for a lawful purpose.

54. Plaintiff is entitled to a declaratory judgment from this Court that he is the lawful owner of the domain names in question.

55. Plaintiff is entitled to a permanent injunction preventing The Stanley Works from instituting further litigation to recover the domain names or otherwise interfering with his right to own and use the names in furtherance of fundamental freedoms.

56. Plaintiff will suffer irreparable harm if the declaratory and injunctive relief requested is not granted.

COUNT THREE: Malicious Abuse of Process

57. Plaintiff incorporates by reference the previous and subsequent allegations of this Complaint.

58. Stanley's conduct set forth herein constitutes malicious abuse of process.

59. Stanley's wrongful conduct was the proximate cause of harm to the Plaintiff.

COUNT FOUR: Interference, Obstruction or Denial Of Fundamental Rights Pursuant to 42 USCA § 1983, State Law and/or International Law.

60. Plaintiff incorporates by reference all previous and subsequent allegations of this Complaint.

61. Plaintiff has a legal, contractual and constitutional right to (a) institute litigation against The Stanley Works to remedy its alleged misconduct toward Plaintiff, (b) to own and operate a web site devoted to the dissemination of truthful, albeit critical, information about the business practices of The Stanley Works, and (c) and to otherwise engage in any other conduct referenced in this Complaint.

62. Defendant has violated Plaintiff's constitutional rights to due process, equal protection and freedom of speech by filing multiple, frivolous legal proceedings against the Plaintiff in the United States and Canada, by attempting to obtain ownership of several Internet domain names belonging to Plaintiff which are being used for totally lawful means, and by engaging in a course of conduct designed to intimidate and destroy the Plaintiff, both emotionally and financially.

63. Defendant's actions were done under color of state law, including the various court proceedings instituted, and specifically the ICANN proceeding filed on February 24, 2000, which lacked a fair hearing and failed to utilize or abide by other procedures required by due process.

64. A decision was rendered in that proceeding on April 19, 2000, after an abbreviated proceeding conducted without due process and over the objection of Mr. McNeil's counsel.

65. Inthat action, ICANN ordered that two Stanley-related domain names be transferred to The Stanley Works, i.e. *thestanleyworks.net* and *stanleyworks.net*.

66. Stanley does not have a legal right to any of the domain names inquestion which is superior to that of any other entity, organizaton or person, and certainly does not have ownership rightsto the names superior to the rights of Plaintiff Philip McNeil.

67. ICANN did not have the legal authority to order the names transferred from Plaintiff to Defendant, or to conduct an adjudication of the ownership rights in the names.

68. In that proceeding, Plaintiff here (Respondent there) filed a response objecting to ICANN's jurisdiction, stating, "*[T]he subject matter of this proceeding exceeds the scope of jurisdiction granted this forum.*"

69. Perplexingly, ICANN completely ignored Mr.

McNeil's objection to jurisdiction, and issued a ruling against Mr. McNeil, erroneously stating in its first finding of fact that "*Neither party contests the jurisdiction of the Forum or the undersigned arbitrators to resolve this controversy.*"

70. ICANN's decision ordering transfer of the names was not based on substantial evidence or applicable law, and was arbitrary, capricious, an abuse of discretion, contrary to the evidence and violative of due process.

71. Plaintiff's participation in the ICANN procedure was entirely voluntary and the ICANN decision has no res judicata effect.

72. Thus, Plaintiff has either already exhausted, or is not required to exhaust, any administrative remedies.

73. By filing and pursuing the aforementioned legal proceedings against Mr. McNeil in various state and federal courts (both in the U.S. and abroad), administrative agencies, arbitration panels, and other governmental and quasi-governmental bodies, Stanley has embarked on a campaign which has intentionally damaged, interfered with, obstructed and inhibited the exercise of Mr. McNeil's fundamental rights, and caused him to incur unreasonable and unnecessary expenses, including attorney's fees.

74. Stanley's interference with Mr. McNeil's free speech rights, through and with the assistance of ICANN and the National Arbitration Forum, has been the proximate cause of damage to Mr. McNeil, in an amount to be determined by the enlightened conscience of the jury, but in no event less than $100,000.00.

75. Plaintiff has sustained injury due to Plaintiff's actions in the form of lost earnings, impairment of future employment prospects, emotional suffering, and damage to his reputation.

COUNT FIVE: Intentional Infliction Of Emotional Distress

76. Plaintiff incorporates by reference all previous and subsequent allegations of this Complaint.

77. The aforementioned conduct of the Defendant was malicious, was in bad faith, and was done for the specific purpose of inflicting financial, emotional, psychological and/or physical harm upon the Plaintiff.

78. The aforementioned conduct of the Defendant was the proximate cause of damages sustained by the Plaintiff, including but not limited to those items set forth in Paragraph 75 above.

V. PRAYER FOR RELIEF

79. Plaintiff requests:

a. trial by jury on all issues so triable;

b. that actual, compensatory, special and punitive damages be assessed against Defendant in an amount to be determined by the enlightened conscience of the jury, but not less than $100,000.00;

c. that this Court issue a declaratory judgment awarding Plaintiff ownership of the domain names in issue;

d. that this Court issue a permanent injunction preventing Defendant from instituting further litigation or other legal proceedings on these matters;

e. that this Court issue a permanent injunction permitting the Plaintiff to link all domain names in issue to his web site at *www.mactools.ab.ca*;

f. that costs and attorney's fees be assessed against Defendant;

g. for such other and further damages and relief requested herein and/or which the Court deems just and proper.

Dated this 27th day of April, 2000.

PLAINTIFF PHILIP R. MCNEIL

_____/s/_____
Philip R. McNeil, Pro Se

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Pro Se Plaintiff
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[Filed 9/18/02]

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
San Francisco Division

Civil Action No. C02-4534 (MHP)

PHILIP R. MCNEIL,
Plaintiff,

v.

VERISIGN, INC.,
ICANN ("Internet Corporation For Assigned Names And Numbers), and
THE STANLEY WORKS.
Defendants.

COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF

COMES NOW the Plaintiff, *Pro Se*, and for his Complaint against Defendant states:

I. JURISDICTION AND VENUE

1. This Court has venue and jurisdiction over this controversy by virtue of 28 U.S.C.A. §1332(a)(2), 28 U.S.C.A. §1331, 28 U.S.C.A. §2201, and 28 U.S.C.A. §1391(a),(b).

2. The facts set forth below constitute a real and justiciable controversy between the parties.

3. A declaration of rights is warranted, coupled with appropriate injunctive relief, in order to: (a) give certainty to the parties' relationships, (b) avoid further duplicitous legal proceedings, (c) clarify the parties' rights under various applicable statutes, rules and policies applicable to the Internet; (d) clarify applicable law; (e) prevent irreparable harm, and (f) avoid other legal and practical harm and risk as described herein.

4. The amount in controversy exceeds $75,000.00, exclusive of interest and costs.

II. PARTIES

5. Plaintiff Philip R. McNeil is a Canadian citizen operating a website that criticizes a U.S. company, The Stanley Works (hereinafter "Stanley").

6. Stanley and McNeil have been involved in a series of legal battles, including several ICANN proceedings involving certain U.S.-based domains that are linked to McNeil's anti-Stanley website.

7. McNeil's website operates through a variety of U.S. domains registered in this district through Registrars.com (later acquired by defendant VeriSign, Inc.).

8. Defendant The Stanley Works (hereinafter "Stanley"), is a Connecticut corporation that has significant contacts, business offices and a significant business presence in this district, and throughout California.

9. The Stanley Works' registered agent for service of process is CT Corporation System, Inc., 818 West Seventh Street, Los Angeles, CA, 90017.

10. Defendant VeriSign, Inc. (f/d/b/a "Network Solutions, Inc."), is a Delaware corporation with offices at 487 E. Middlefield Road, Mountain View, CA 94043.

11. VeriSign's registered agent for service of process

is CT Corporation System, Inc., 818 West Seventh Street, Los Angeles, CA 90017.

12. VeriSign is the company with current custody of the registration records of the domain names for which McNeil seeks a declaration of rights. VeriSign has refused to permit McNeil to continue using the names beyond September 18, 2002, unless suit is filed in this district. ***See Exhibit 1.***

13. ICANN ("Internet Corporation for Assigned Names and Numbers") is a California corporation with principal offices in Marina Del Rey, CA.

14. ICANN's registered agent for service of process is CT Corporation Systems, Inc., 818 West Seventh Street, Los Angeles, CA 90017. ICANN requires VeriSign to abide by certain ICANN Rules and Policies as a condition of being a registrar.

15. ICANN Rules 4(i) and 3(b)(xii) require that VeriSign transfer the domain names in this proceeding to Stanley unless McNeil institutes legal proceedings in this district by September 18, 2002.

16. To permit Stanley to utilize the names would immediately damage and prejudice McNeil, who is using the U.S.-based domains in connection with his anti-Stanley website.

17. This action was filed to obtain a clarification and declaration of the parties' legal rights, including McNeil's free speech rights in connection with registration and use of the names, as well as the ICANN Rules and Policy which dictate which legal forums these and other similarly situated parties must use to enforce or litigate their rights.

III. FACTS

THE BACKGROUND OF MCNEIL'S ANTI-STANLEY WEBSITE

18. For years Plaintiff Philip R. McNeil (a former disgruntled distributor of Stanley's Mac Tools division) has operated a website critical of The Stanley Works.

19. The website was launched in response to Stanley ignoring multiple requests by McNeil over a one-year period to arbitrate a dispute related to his former distributorship.

20. McNeil's website contains information about hundreds of lawsuits and/or legal claims asserted against Stanley for alleged franchise fraud (involving hundreds of Mac Tool distributors throughout the U.S. and Canada), abusive litigation practices (both toward McNeil and others), and unfair and deceptive trade practices (including an FTC investigation requiring Stanley to cease and desist marketing tools containing foreign-manufactured components as "Made in the U.S.A.").

21. The website disseminates only truthful information about Stanley and its business practices.

22. McNeil's website also contains information about six and seven figure jury verdicts against Stanley, including punitive damages awards related to Stanley's unfair and deceptive trade practices toward its Mac Tool distributors.

MCNEIL REGISTERS VARIOUS U.S.-BASED DOMAINS

23. After Stanley ignored numerous request by McNeil to arbitrate issues related to his distributorship, McNeil purchased several U.S.-based Internet domains to proclaim his anti-Stanley message through a website.

24. McNeil originally registered the domains with Registrars.com, a S.F.-based registrar. That company was subsequently purchased by VeriSign, Inc., the world's largest registrar of domain names.

25. Domain name disputes, and the domain registries in general, are overseen, supervised, monitored and controlled by ICANN, a non-profit corporation formed under the auspices of the United States Department of Commerce (DOC).

26. Under direction from DOC, ICANN entered an exclusive agreement with DOC to oversee the Internet domain registries.

27. With DOC approval (but without the advise or

consent of Congress), ICANN implemented, *purportedly* through consensus-driven policies, several bodies of rules which have the effect and impact of law, including but not limited to the "ICANN Uniform Domain Name Dispute Resolution Policy", as well as certain Rules which were imposed by ICANN on domain name service providers (including registrars), which are known as "ICANN Rules for Uniform Name Dispute Resolution Policy."

28. The ICANN Rules and Policy implement substantive rules of law applicable to domain disputes, as well as procedural, "choice of forum" and other rules.

29. The aforementioned Rules and Policy, in fact, govern domain name disputes around the globe, including the forum selection rules for which McNeil is requesting clarification here.

STANLEY FILES MULTIPLE ICANN COMPLAINTS AGAINST MCNEIL

30. In 2000, Stanley filed an ICANN proceeding in an effort to force McNeil to relinquish two domains, i.e., *www.stanleyworks.net* and *www.thestanleyworks.net.*

31. Stanley prevailed in the proceeding, and ICANN ordered the names transferred from McNeil to Stanley.

32. McNeil promptly appealed the adverse ICANN ruling to this court. However, the registrar at the time (Registrars.com) transferred the names anyway, disregarding applicable ICANN rules.

33. Ultimately, this court refused to adjudicate McNeil's appeal, ordering the case dismissed on grounds of *forum non co[illegible]niens.*

34. On appeal, the Ninth Circuit affirmed this court's decision, but while the case was on appeal, Stanley abandoned the two names involved in that appeal, permitting their registrations to lapse and allowing anyone to acquire them through any one of several domain registrars.

35. McNeil promptly re-registered one of the names (*www.stanleyworks.net*). The other abandoned name remains unregistered.

36. After discovering Stanley had abandoned the names after two years of litigation, McNeil asked the Ninth Circuit for leave to file a motion to impose sanctions on Stanley for what was seen as "bad faith" litigiousness. However, the Ninth Circuit, for whatever reason, would not recall the mandate.

37. Stanley has threatened to file another ICANN complaint to recover the name it abandoned. *See Exhibit* 2 (pleading filed by Stanley stating Stanley will file another domain name proceeding to recover one of the names reacquired by McNeil that Stanley abandoned, i.e., *www.stanleyworks.net.*

RECENT ICANN DECISION ORDERS 4 MORE NAMES TRANSFERRED

38. Recently, Stanley renewed another domain proceeding against McNeil which had previously lain dormant.

39. The arbitrator in that proceeding ordered four more Stanley-related domains transferred from McNeil to Stanley. Those four domains were *www.stanley-proto.com, www.stanley-husky.com, www.stanley-hardware.com,* and *www.stanley-tools.com.*

40. In issuing its ruling, ICANN dictated, once again, that McNeil appeal to a court in this district if he wished to challenge the ICANN ruling and preserve his ongoing, uninterrupted use of the names.

41. As with the first ICANN decision, Stanley also agreed to litigation in this forum when i filed the domain complaint.

42. In the domain proceeding, Stanley filed an affidavit stating it had already re-acquired one of the names, i.e., *www.thestanleyworks.net*.

43. However, this is not born out by the WhoIs database, which still shows the name has been expired for over eight months. *See Exhibit 3* (WhoIs registration record showing the name expired January 24, 2002).

ICANN RULES AT ODDS WITH THIS DISTRICT'S PRIOR DECISIONS

44. This Court previously dismissed McNeil's prior suit seeking a declaration of his rights relating to the Stanley-related domains.

45. Yet, applicable ICANN Rules (specifically ICANN Rule 4(k) and/or 3(b)(xiii)) require McNeil to file suit to protect his right to the domains in the district where both McNeil and Stanley consented, i.e., San Francisco, (where the names were registered). ***See Exhibit 1*** (VeriSign letter of September 9, 2002, advising McNeil he must file suit in the district mutually agreed to by he and Stanley, i.e., San Francisco).

46. This venue choice stems from the worldwide enforcement scheme implemented by ICANN to regulate domain name registration.

47. Pursuant to that scheme, ICANN requires domain name registrars worldwide (including VeriSign), by written agreement, to require domain name registrants (including McNeil) to sign agreements incorporating ICANN rules as a condition of registering or renewing any domain name.

48. The ICANN rules at issue here, including those pertinent to forum choice, were imposed on McNeil as a condition for him registering the pertinent domain names.

49. The ICANN Rules and Policy mentioned above are imposed on all companies involved in registration of domain names.

50. In fact, no company or individual wishing to serve as a domain name registrar can do so without first

agreeing to implement all ICANN-prescribed rules, regulations, contracts and enforcement mechanisms.

51. VeriSign is the world's largest registrar of domain names. VeriSign, upon information and belief, purchased the assets of Registrars.com, the San Francisco-based registrar with whom McNeil originally purchased the domain names which are the subject of this dispute.

52. Thus, the ICANN rules at issue in the instant controversy impact millions of domain registrants worldwide, and warrant clarification.

CONFUSION ABOUNDS BECAUSE OF ICANN RULES

53. The instant lawsuit involves primarily McNeil's use of several U.S. domains, including but not limited to: *www.thestanleyworks.net, www.stanleyworks.net, www.stanleysucks.com, www.stanley-husky.com, www.stanley-tools.com, www.stanley-hardware.com* and *www.stanley-proto.com.*

54. The aforementioned Internet domains were registered by McNeil in this district.

55. During the last three years, and particularly in the last few months, considerable confusion and uncertainty has arisen concerning the rights of the parties, including, but not limited to, forum choice and free speech issues.

56. The confusion over these rights has led to multiple legal proceedings, as well as implementation and enforcement of contradictory forum rules, policies and court rulings.

57. As a direct consequence of this, there have been inconsistent and irreconcilable results, rulings and order, particularly regarding the venue in which challenges to ICANN rulings are to be brought.

58. In addition, as regards free speech issues, the recent ICANN ruling (ordering McNeil to relinquish the domain names), issued on ICANN's behalf by the National Arbitration Forum, evidences the wholesale confusion (if not downright

abridgment) over free speech rights, and lays bare the complete lack of identifiable or enforceable legal standards or principles in the governance of domain name disputes and free speech rulings. As a result, ICANN and its appointed arbitrators engage in repeated violations of free speech rights of litigants, including McNeil.

59. For example, the recent ruling in McNeil's domain dispute cites as support the case of *E&J Gallo Winery v. Spider Webs, Ltd.*, 286 F.3d 270 (2002), a case that is starkly, and significantly different, than McNeil's.

60. The *Gallo* case involved a blatant cybersquatter with a proven history of purchasing domain names to extort money from legitimate trademark owners. As such, it bears no relationship at all to the instant case, where valid free speech claims are involved, cybersquatting over trade names of various enterprises is not involved, and no "for-profit" motive exists.

61. The arbitrator's reliance on the *Gallo* case evidences the inability of ICANN to implement constitutionally acceptable rules incorporating free speech protections into the domain name registry to adequately and constitutionally protect a registrant's lawful and protected use of the names.

62. As such, ICANN should be restrained from further enforcing or implementing its substantive rules of law until adequate constitutional safeguards are implemented that prevent or preclude prior restraint and or due process violations such as those visited upon McNeil.

ICANN VENUE, FORUM SELECTION AND SUBSTANTIVE RULES ON "FAIR USE" SHOULD BE INVALIDATED

63. The ICANN Rules and Policy were implemented without the advise and consent of Congress.

64. The ICANN Rules and Policy thus constitute an unauthorized and impermissible intervention by ICANN and DOC into the functioning, operation and regulation of the Internet.

65. This unauthorized intervention includes dictating unauthorized rules of law and procedure on various domain name registrars and registrants, and instituting policies that constitute a prior restraint on free speech, such as those imposed on McNeil in the instant case.

66. ICANN enforces the Rules and Policy as a condition to registrars having the ability to engage in the business of domain name registration, and it does so without any cognizable legal authority.

67. As such, the current system has no properly authorized or uniformly defined body of law to govern international venue, jurisdiction or merits determinations, not to mention controversies involving fundamental civil and free speech rights. The procedures, in effect, impose unconstitutional prior restraints and restrictions on the free speech rights of domain name registrants such as McNeil.

68. In addition, ICANN imposes its forum choices on litigants as a condition of protecting their ongoing right to use the domain names involved in a domain name dispute, irrespective of what the applicable rules of law or court decisions state in pertinent jurisdictions around the U.S. or the rest of the world.

69. Simply stated, ICANN Rules and Policy leave domain name regulation in a state of legal chaos, without a true governing body, and without any legal or rational basis for the applicable, and imposed, rules of law. More importantly, ICANN Rules and Policy constitute a prior restraint on free speech, and/or violate and abridge fundamental freedoms for any domain name registrant who finds himself or herself in circumstances similar to McNeil.

70. As a result, McNeil and others are forced to continue litigating in this or other ICANN-designated court districts even though those courts find venue or jurisdiction inapplicable or unavailable.

71. For example, in the instant case, this district court and the Ninth Circuit have ruled the forum is inconvenient. Nevertheless, ICANN Rules and Policy require McNeil to file here as a prerequisite to him being able to continue using the names while any litigation is pending.

72. The foregoing is the proximate cause of ongoing and irreparable harm to litigants such as McNeil, and other domain name registrants with valid free speech rights related to their use of various domain names.

MCNEIL'S WEBSITE IS PROTECTED BY THE FIRST AMENDMENT

73. McNeil: (a) does not use the aforementioned names for any improper purpose, (b) does not use the names and has not used the names for any commercial purpose, (c) did not acquire and has not used the names in bad faith, (d) did not acquire and does not use the names for profit, (e) has not violated any provision of applicable law concerning the names, (f) has not violated any provision of federal trademark law, federal copyright law, or federal anti-cybersquatting consumer protection laws, and (g) has consistently used the names consistent with the "fair use" standards of federal trademark law and the First Amendment.

74. Nevertheless, ICANN arbitrators have consistently awarded these and other domains to Stanley, and McNeil has been unable to obtain an adjudication on the merits in U.S. courts (much less obtain venue) from any U.S. court.

75. By contrast, domain owners pursuing registrants of domain names (including Stanley), *can* obtain *in rem* jurisdiction to adjudicate rights to Internet domains registered in any U.S. jurisdiction.

76. However, under the same Act (Cybersquatting Consumer Protection Act, 15 U.S.C.A. 1125(d)(1)), current registrants of the names have no readily discernible statutory right (at least under that Act) to adjudicate their rights under the

Act.

77. Based on principles of due process and equal protection, and the Federal Declaratory Judgment Act, domain name registrants such as McNeil have the legal and constitutional right to clarify their legal rights in U.S. courts in the same fashion, and in the same forums and venues, that trademark owners such as Stanley have.

78. Based on principles of due process and equal protection, domain name registrants, including McNeil, have the right to obtain a declaration of their rights to the names, either pursuant to the ACPA, the Federal Declaratory Judgment Act, and/or the plenary power of the federal courts pursuant to federal common law, as well as pursuant to the corollary principles inherent in federal question and/or federal diversity jurisdiction.

DECLARATORY RELIEF IS WARRANTED

79. The purpose of McNeil's website is to disseminate information critical of The Stanley Works, a former Fortune 500 company which Plaintiff alleges defrauded him out of his life savings.

80. In an effort to stifle Plaintiff's free speech rights, shut down the website, minimize publicity of its fraudulent business practices, and otherwise damage Plaintiff, Stanley has filed several lawsuits and/or administrative proceedings against McNeil, including:

(a) a $15 million defamation action in Canada seeking to shut down the website (which has been inactive shortly after it was filed by one of Stanley's Canadian subsidiaries);

(b) an arbitration proceeding with two claims totaling $83,769.50 (said action which likewise lay dormant until recently, when McNeil's U.S. counsel demanded that Stanley participate in the appointment of an arbitrator, and Stanley's Canadian counsel finally acceded); and

(b) two ICANN proceedings seeking to recover various

domain names.

81. In this action, pursuant to applicable law, Plaintiff seeks declaratory and injunctive relief clarifying the parties' rights, and hopefully authorizing him to operate his web site with the existing domain names and links intact, or for such other relief as this Court deems appropriate.

82. A declaration of the parties' rights by this Court would be in the interests of the parties, and consistent with principles of judicial economy.

83. To date, using ICANN forums, McNeil has not received informed and rational adjudications concerning his right to use the domain names in question, nor is there apparent from any of these rulings that ICANN arbitrators have even a basic understanding of the free speech protections accorded Internet users and website

84. The ICANN forums which have thus far adjudicated the parties' rights to the names have been unfortunately confused about the interplay between the Anti-Cybersquatting Consumer Protection Act, federal trademark laws (including "fair use" standards), and the First Amendment.

85. Furthermore, ICANN procedural and substantive rules are inconsistent with the law governing due process and venue considerations in the federal courts.

86. As such, ICANN rulings tend to yield inconsistent and unfair results for several domain name litigants, including McNeil, for which there is no apparent recourse in the U.S. courts, and contradictory venue and/or choice of forum rules.

87. Conversely, Stanley is consistently accorded the right to adjudicate trademark rights and obtain administrative orders to obtain the names in U.S. forums, including ICANN.

88. Stanley also has the legal right to institute in rem proceedings in the U.S., although it does not because it prefers to litigate in Canada because McNeil does not have legal counsel for these issues in Canada and is totally reliant on U.S. counsel

for most of his assistance.

89. To accord Stanley the right to American courts to retrieve the names, but to deny McNeil standing to enforce his legal rights to the names, constitutes a denial of due process and equal protection.

IV. CAUSES OF ACTION

COUNTS ONE AND TWO: Declaratory And Injunctive Relief

90. Plaintiff incorporates by reference the previous and subsequent allegations of this Complaint.

91. Plaintiff operates his anti-Stanley web site, and utilizes the aforementioned domain names in exercise of fundamental rights protected by the First Amendment to the United States Constitution and international law.

92. Plaintiff is the lawful owner of the domain names, and is using the names for a lawful purpose.

93. Stanley is threatening to institute further ICANN proceedings and/or legal proceedings to force McNeil to transfer to Stanley a domain name that it previously acquired, then abandoned, namely *www.stanleyworks.net.*

94. Plaintiff is entitled to declaratory and injunctive relief from this Court determining: (a) whether this district is proper venue for this action (as ICANN has dictated); (b) whether McNeil may continue to lawfully utilize the domain abandoned by Stanley, *www.stanleyworks.net*; (c) whether McNeil is the lawful owner of the other domain names referenced above; (d) whether McNeil has the legal and constitutional right to use the domains names without further interference from ICANN or Stanley; (e) whether McNeil is using the names for a profit or commercial motive consistent with the Anti-Cybersquatting Consumer Protection Act, or federal trademark law; (f) whether McNeil's use of the names constitutes "fair use" within the meaning of federal law; (g) whether ICANN rules and regulations, and ICANN-based decisional law, provide a constitutionally, procedurally or substantively acceptable basis

for adjudicating the rights of litigants in domain name proceedings; (h) whether ICANN, as a body, has been properly constituted; (i) whether ICANN Rules and Policy were implemented under proper legal authority; (j) whether ICANN Rules and Policy are substantively or procedurally consistent with constitutional principles of due process or equal protection which are incorporated into current U.S. decisional and statutory law governing trademark and free speech disputes; (k) to otherwise clarify and define McNeil's legal rights surrounding the venue of this case, or the propriety of him using certain U.S.-based domain to promote his anti-Stanley website, and (l) to impose such injunctive relief as is necessary to effectuate its rulings and guarantee McNeil receives the due process and equal protection available under applicable law.

95. Plaintiff is entitled to a declaratory judgment on the foregoing issues, and to a permanent injunction fashioned to enforce his rights as determined by this Court.

96. A permanent injunction should issue preventing The Stanley Works, as it has threatened, from instituting further litigation, including ICANN proceedings, to recover the domain names referenced herein, and/or otherwise interfering with his right to own and use the names in furtherance of fundamental freedoms.

97. A permanent injunction should issue prohibiting ICANN or VeriSign from implementing or enforcing any Rules or Policy permitting the transfer of a domain name involved in an ICANN administrative proceeding until a final adjudication by a court of appropriate jurisdiction, but not necessarily by a court in the jurisdiction specified by ICANN.

98. A declaratory judgment should issue which (a) prohibits transfer of domain names during any stage of litigation over a domain name, and (b) which clarifies the current validity of ICANN Rules and Policy, and/or VeriSign procedures (which currently require that a transfer be effectuated unless the domain

holder files suit within ten (10) days after the ICANN ruling, in a district mutually agreed to by the domain name litigants).

99. Plaintiff will suffer irreparable harm if the declaratory and injunctive relief requested is not granted.

V. PRAYER FOR RELIEF

100. Plaintiff requests:

a. trial by jury on all issues so triable;

b. a declaratory judgment on all issues identified above;

c. a permanent injunction preventing Defendant from instituting further litigation or other legal proceedings on these matters;

d. a permanent injunction permitting the Plaintiff to link all domain names in issue to his web site;

e. costs and attorney's fees;

f. for such other and further damages and relief requested herein and/or which the Court deems just and proper.

Dated this 14th day of September, 2002.

PLAINTIFF PHILIP R. MCNEIL

_____/s/_____
Philip R. McNeil, Pro Se

IN THE COURT OF QUEEN''S BENCH OF ALBERTA
JUDICIAL DISTRICT OF EDMONTON

BETWEEN: *[Filed 10/29/99]*

THE STANLEY WORKS

Plaintiff

- and -

PHIL MCNEIL

Defendant

STATEMENT OF CLAIM

The Parties

The Plaintiff, The Stanley Works (""Stanley"") is a corporation incorporated and subsisting under the laws of the State of Connecticut and has its hea l office at 1000 Stanley Drive, New Britain, Connecticut, 06053, United States of America. The MacTools Division of Stanley manufactures and distributes a variety of products, including, electric power tools, pneumatic power tools, hydraulic power tools, engine cleaning machines, air tools, welding equipment, hand tools, measuring tools and magnetic tools (the ""Products"").

The Defendant, Phil McNeil (""McNeil""), is an individual residing at 10820 - 102nd Street, Grand Prairie, Alberta, Canada. McNeil operates web sites at http://www.mactools.ab.ca and

http://www.skunclenet.ab.ca (collectively the ""Depreciating Web Sites"").

The Plaintiff's Trade-marks

Stanley is the registered owner in Canada of a family of trade-marks that consist of or include the words ""Mac"", ""Tools"" and/or ""Stanley"" for use in association with a variety of wares and services (collectively, the ""MAC TOOLS Trade-marks""), the particulars of which are as follows:

the trade-mark "MAC" registered on March 29, 1957 under number TMAIO6,211 in the Register of Trade-marks maintained under the *Trade-mark Act* RSC. 1985, c. T-13 (the ""trade-marks Act") for use in association with screw drivers, punches, chisels wrenches and wrench sets of various sizes and designs, hammers, awls, pliers, all of the foregoing being handtools used in repairing automotive equipment and in automotive maintenance repair work and tool boxes;

the trade-mark "MAC TOOLS & Design" registered on April 12, 1957 under number TMA106,304 in the Register OF Trade-marks maintained under the *Trade-marks Act*, for use in association with screwdrivers, punches, chisels, wrenches and wrench sets of varions sizes and designs, hammers, awls, pliers, all of the foregoing being hand tools used in repairing automotive equipment and in automotive maintenance repair work and tool boxes;

the trade-mark "MAC QUALITY TOOLS & Design" registered on November 16, 1990 under number TMA375,606 in the Register of Trade-marks maintained under the *Trade-marks Act* for use in association with hand tools for automotive mechanics and carpenters, wire tools namely brushes, cutters, wheels, pliers, files, hand-operated jacks and stands therefor;

the trade-mark "MAC TOOLS & Design" registered on November 29, 9990 under number TMA39O,854 in the Register of Trade-marks maintained under the *Trade-mark act*, for use in association with, inter alia, tool boxes, electric power tools pneumatic power Louis, hydraujic power tools, engine olorn"ing machines, rnr tools, welding equipment. hand tools, measuring tools and magnetic tools:

the trade-mark ""MAC TOOLS & Design"" registered on September 10,1993 under number TMA416,530 in the Register of Trade-marks maintained under the *Trade-marks Act*, for use in association with tool boxes, tool cabinets and other metal containers for tools and parts and fittings for the aforesaid;

the trade-mark ""MAC"" registered on October 4, 1996 under number TMA463,972 in the Register of Trade-marks maintained under the *Trade-marks Act*, for use in association with, inter alia, tool boxes, electric power tools, pneumatic power tools, hydraulic power tools, engine cleaning machines, air tools, welding

equipment, hand tools, measuring tools and magnetic tools;

the trade-mark ""MAC ADVANTAGE"" registered on June 19, 1998 under number TMA496,465 in the Register of Trade-marks maintained under the *Trade-marks Act* for use in association with the provision of credit for the purchase of tools and related products including credit review and approval and collection of receivables;

the trade-mark ""STANLEY"" registered on September 6, 1932 under number TMDAO55,166 in the Register of Trade-marks maintained under the *Trade-marks Act* for use in association with edged tools, measuring tools and instruments, hand tools and parts thereof, electrically-driven tools and machines and parts thereof

the trade-mark ""STANLEY"" registered on January 20, 1938, under number UCA010,317 in the Register of Trade-marks maintained under the *Trade-marks Act* for use in association with, inter alia, builders'' hardware, edged tools, hand tools, measuring tools and instruments and electrically-driven tools and parts thereof;

the trade-mark ""STANLEY"" registered on February 26, 1944 under number UCA019,092 in the Register of Trade-marks maintained under the *Trade-marks Act* for use in association with, inter alia, electrically-driven tools;

the trade-mark ""STANLEY & Design"" registered on January 9, 1981 under number TMA254,688

in the Register of Trade-marks maintained under the *Trade-marks Act* for use in association with automatic door operating equipment and parts thereof;

the trade-mark ""STANLEY"" & Design registered on September 13, 1991 under number TMA388,944 in the Register of Trade-marks maintained under the Trade-marks Act for use in association with, inter alia, toy tools; and

the trade-mark ""STANLEY"" registered on April 16, 1993 under number TMA411,021 in the Register of Trade-marks maintained under the *Trade-marks Act* for use in association with, inter alia, power tools, measuring tools and instruments, builders'' hardware, automatic door operating equipment and parts thereof and hand tools.

Since at least as early as 1953, the Plaintiff has, itself and through its Mac Tools Division, as well as by Stanley Canada Inc.; Stanley''s wholly-owned Canadian subsidiary (""Stanley Canada""), and Stanley Canada''s authorized distributors, and their predecessors in title, continuously carried on the business in Canada of, inter alia, selling, distributing and servicing the Products in association with certain of the MAC TOOLS Trade-marks (the ""Mac Tools Business"").

By reason of such activities of the Plaintiff, Stanley Canada and Stanley Canada''s authorized distributors referred to herein, the MAC TOOLS Trade-marks have become well-known in Canada as identifying the Mac Tools Business. In addition, Stanley has created substantial

goodwill in the MAC TOOLS Trade-marks in association with its Mac Tools Business.

Relationship Between the Parties

On or about December 2, 1993, the Mac Tools Division of Stanley Canada and McNeil entered into a written agreement (the ""Distributor Agreement"") pursuant to which McNeil was appointed as a non-exclusive authorized distributor in Grande Prairie, Alberta (the ""Territory"") to sell the Products to users. On or about March 4, 1995, the Mac Tools Division of Stanley Canada and McNeil entered into a further written agreement (the ""Credit Assignment Agreement"") pursuant to which McNeil expressly agreed, among other things, to promptly pay and maintain current his trade account.

Pursuant to the Distributor Agreement, McNeil expressly agreed, among other things, to aggressively and actively sell and promote the sale and service of the Products, to purchase from the Mac Tools Division of Stanley Canada an aggregate dollar amount of Products, to establish a regular route schedule in the Territory, to maintain the goodwill of his customers, and render prompt, efficient and courteous service with respect to the conduct of the Mac Tools Business, to maintain personal contact each week with Potential Accounts (as defined in the Distributor Agreement), to maintain an adequate inventory of Products to promptly and efficiently service the customers in the Territory, and to not sell, lease or otherwise deal in any products other than the Products.

The Credit Assignment Agreement provided a detailed

three-step process that Stanley Canada and the Defendant were required to follow to settle disputes between them. The three steps were (1) negotiation, (2) followed by mediation if the negotiations were unsuccessful, and (3) arbitration if the mediation was unsuccessful or if the parties refused to mediate (the ""ADR Clause"").

On or about January 6, 1998, McNeil filed a statement of claim in the Alberta Court of Queen''s Bench and served same on Stanley Canada. McNeil claimed that, among other things, Stanley Canada had breached the Distributor Agreement. On or about April 3, 1998, on the application of Stanley Canada, the Alberta Court of Queen''s Bench ordered that the issues raised in the statement of claim be remitted to arbitration and that McNeil'' s action against Stanley Canada be stayed until further order of the court. An appeal of this order, filed by McNeil, was subsequently dismissed.

Stanley Canada has alleged that McNeil has breached the Distributor Agreement and the Credit Assignment Agreement by, among other things, neither aggressively nor actively, selling or promoting the Products, failing to purchase the required aggregate dollar amount of Products, failing to establish and maintain a regular route schedule in the Territory, failing to maintain the goodwill of the customers in the Territory, failing to make personal contact with Potential Accounts, failing to maintain an adequate inventory of Products, abandoning his Territory and failing to pay any of the outstanding trade account which he owes to Stanley Canada.

As a result of the breaches of the Distributor Agreement and

the Credit Assignment Agreement, Stanley Canada wrote a letter to McNeil in which Stanley Canada enumerated all of the said breaches and provided McNeil with 30 days to remedy such breaches. McNeil failed to remedy the breaches or any of them or even to commence to remedy the breaches or any of them. As a result, by letter from Stanley Canada to McNeil dated September 10, 1998, Stanley Canada terminated the Distributor Agreement, the Credit Assignment Agreement and all of McNeil''s rights thereunder to distribute the Products.

On or about October 16, 1998, Stanley Canada issued McNeil a notice to negotiate certain issues in accordance with the ADR Clause. In the notice to negotiate, Stanley Canada claimed from McNeil judgment in the amount of $33,769.50 related to the outstanding trade account balance and interest thereon at the rate of 13.0% per annum from May 5, 1998 to the date of payment (or such other greater amount as may be proven) and damages in the amount of $50,000.00 related to McNeil'' s breach of the Distributor Agreement (or such other greater amount as may be proven).

The Defendant''s Web Sites

On or about August 16, 1999, Stanley became aware of a world wide web home page entitled ""The Unofficial Mac Tools Home Page: The Page They Don''t Want the Public to See"" operating at the web site ""http://www.mactools.ab.ca"" (the ""Defendant''s Mac Tools Web Site""). Stanley subsequently became aware of an affiliated web site operating at the address "http://www.skunclenet.ab.ca"" (the ""Defendant''s Skunclenet Web Site""). Both sites are operated by the

Defendant.

The Defendant''s Mac Tools Web Site is registered in the name of ""McNeil & Associates 0/a Mac Tools Division"" at 10820 - 102nd Street, Grand Prairie, Alberta, Canada (i.e., the Defendant''s residential address). The Defendant is listed as the Defendant''s Mac Tools Web Site''s administrator.

The Defendant''s Skunclenet Web Site is registered in the name of Skunclenet, also at the Defendant''s residential address. The Defendant is also listed as the administrator of the Defendant''s Skunclenet Web Site.

The Defendant has programmed (or caused to be programmed) the Depreciating Web Sites with meta tags which contain or consist of the MAC TOOLS Trade-marks. The purpose of these meta tags is to provide a marker or signpost on the Internet such that persons entering the MAC TOOLS Trade-marks as key words to be searched by an Internet search engine (such as Alta Vista, Internet Explorer or Excite) will be provided with a list of ""hits"", that is, a list of web sites relating to the Mac Tools Business. The Defendant has programmed (or caused to be programmed) the Depreciating Web Sites with meta tags containing the MAC TOOLS Trade-marks so that persons using a search engine to locate information concerning the Plaintiff and its Products will be directed to the Depreciating Web Sites.

The url address or domain name for the Defendant''s Mac Tools Web Site is www.mactools.ab.ca. A domain name is a letter-based address used to locate resources on the Internet and to link computers or networks to the Internet. A domain name consists primarily of a second

level domain name (""SLD"") and a top level domain name (""TLD""). Typically, an on-line company will use one of its trade-marks or trade-names or a word that describes the company''s business in its SLD. The TLD corresponds with the type of organization that has registered the domain name. The Defendant''s domain name uses the word ""mactools"" in its SLD and the TLD "".ca"", indicating that the web site operator is located in Canada.

The Defendant''s Mac Tools Web Site has received thousands of ""hits"" since its September 1, 1999 launch date.

The Defendant''s Mac Tools Web Site is what is known in the Internet world as a ""gripe site"". The Defendant''s Mac Tools Web Site is hyperlinked to the Defendant''s Skunclenet Web Site which also contains references to the Plaintiff, its Products and the Mac Tools Business. Although the Defendant''s Mac Tools Web Site specifically addresses the Plaintiff, its Products and the Mac Tools Business, the Defendant''s Skunclenet Web Site is primarily directed towards publishing the Defendant''s statements on a variety of topics.

Hyperlinks to other Web Sites

The Depreciating Web Sites are also hyperlinked to other sites and addresses, specifically:

The Defendant''s Mac Tools Web Site invites the reader to e-mail his or her views to the President of the Plaintiff. Clicking on a button pulls up an e-mail message which can be sent directly to the President;

The Defendant''s Mac Tools Web Site also invites the reader to e-mail his or her views to the President of the Mac Tools Division of Stanley;

The Defendant''s Mac Tools Web Site contains a hyperlink to the Plaintiffs solicitors'' web site, who are described by the Defendant as ""hired guns"";

The Defendant''s Mac Tools Web Site contains a hyperlink to the web site www.consumerama.org, a ""consumer action"" web site which provides links to third party gripe sites; and

The Defendant''s Mac Tools Web Site contains a hyperlink to another Mac Tools gripe site operated at http://members.xoom.coml_XOOMlmeander er99O/index.htm.

Content of the Defendant''s Web Sites

Since the Defendant''s Mac Tools Web Site was first launched, the Defendant has consistently added to and amended the site. As at September 29, 1999, the Defendant''s Mac Tools Web Site contained the following web pages:

An introductory cover page, updated daily, which welcomes visitors to the ""unofficial MAC Tools Homepage!"" (the ""Homepage""). The Homepage also provides a list of the other pages on the Defendant''s Mac Tools Web Site;

A page entitled ""Guest Rant: The Apple does not fall far from the tree"" (the ""Guest Rant Page"");

A page entitled ""A brief history lesson: (Not the company line)"", referred to elsewhere in the Defendant''s Mac Tools Web Site as ""The MAC Tools unauthorized biography"" (the ""Unauthorized Biography Page"");

A page entitled ""Case Study: Phil McNeil"" (the ""Case Study Page"");

A page which reproduces McNeil''s statement of claim against Stanley Canada referred to in paragraph 9 above;

A page which reproduces the decision of the Supreme Court of Mississippi involving Mac Tools, Inc. et. al and one of its former distributors, Mark Allen;

A page which reproduces a complaint dated June 2, 1999 filed against the Plaintiff by the United States Federal Trade Commission;

A page which reproduces the decision of the Idaho Supreme Court involving Mac Tools, Inc. and William A. Griffin, a former distributor, and his wife Cathy Patterson;

A page which reproduces the decision of the North Carolina Court of Appeals involving Mac Tools, Inc., et. al and Dawn W. Talton, a former distributor;

Two pages summarizing the meaning of defamation under Canadian law;

A letter dated March 10, 1999 from the Defendant to Master Funduk of the Alberta Court of Queen''s Bench (the ""Funduk Letter Page"");

A letter dated April 21, 1999 from the Defendant to Steve Eyre, Sales and Operations Manager of the Mac Tools Division of Stanley Canada (the ""Eyre Letter Page"");

A page which, among other things, disclaims any affiliation with Stanley;

Several pages which reproduce sales reports and expense projections provided to McNeil prior to joining the Stanley distribution system;

A page which reproduces a mailing sent from Stanley to distributors of the Mac Tools Products in April 1998 outlining Stanley''s pricing strategy;

A page which reproduces correspondence regarding the formation of a distributor association, including a letter dated July 31, 1997 from J. Robson, an allegedly anonymous distributor or former manager, to McNeil and a response to said letter from Steve Eyre, Sales and Operations Manager for the Mac Tools Division of Stanley Canada (the ""Anonymous Letter Page""). This page also reproduces a memorandum dated July 29, 1997 from Mr. Eyre to all Canadian distributors and management regarding the Mac

Advantage credit program;

A page which reproduces the cover page of a report entitled ""Summary of Distributor and District Manager Concerns and Recommendations"" dated August 1996 and inviting interested persons to e-mail the Defendant''s Mac Tools Web Site for a copy of the complete report; and

A page entitled ""Readers Writes"" which posts personal stories provided by visitors to the Defendant''s Mac Tools Web Site (the ""Readers Writes Page"").

As at September 29, 1999, the Defendant''s Mac Tools Web Site contained several graphic designs and many statements made by the Defendant which, collectively and individually, lower the reputation and goodwill associated with the Plaintiff, its Products and Business, and which have the resulting effect of depreciating the value of the goodwill attaching to the MAC TOOLS Trade-marks. These designs and statements made by the Defendant include:

a broken MAC TOOLS design mark (see Homepage). When visitors to the Defendant''s Mac Tools Web Site point the computer cursor to this broken MAC TOOLS design mark, a banner appears which reads ""The evil one (wounded)""(see Homepage);

an animated graphic of a knight in armour named ""Sir Slaymacalot""swinging a sword at the above-noted broken MAC TOOLS design mark. When visitors to the Defendant''s Mac Tool Web

Site point the computer cursor to this graphic of the knight, a banner appears which reads ""Champions of fair dealing"" (see Homepage);

an animated graphic of a knight in armour named ""Sir Slaymacalot"" swinging a sword at a Mac Tools truck. When visitors to the Defendant''s Mac Tools Web Site point the computer cursor to said knight, a banner appears which reads ""The brave fighters of corporate evil"". When said visitors point the cursor to the graphic of the Mac Tools truck, a banner appears which reads ""The evil one''s mount"" (see Homepage);

""This page is dedicated to exposing and condemning the abuses perpetrated by Mac Tools and it''s [sic] parent company The Stanley Works against it''s [sic] employees, managers, distributors and customers.""(see Homepage);

""Mac Tools [sic] way of doing business was altered in a major way over the latter half of this decade leading to many unhappy people.""(see Homepage);

""Joining such 90''s corporate villains as G.M., Johnson controls [sic], Pratt and Whitney and countless others who, though very profitable, have done a slash and burn on their companies in pursuit of even more profit. Although ''profit'' is not a dirty word, the methods used are dirty and the real victims are those associated with Mac and more so those with a financial stake in the company.""(see Homepage);

A message to ""fans"" of the Depreciating Web Site that they can send the President of Stanley, John Trani, a message at the following e-mail address: jtrani@stanleyworks.com?subject=You''re all a bunch of corporate hooligans!""

""For many years, Mac Tools was run as a separate entity under The Stanley Works and by all accounts from those that were there, was profitable and was growing at a modest but reasonable rate. Then came the 1990''s and with it a new way of doing business. The direction Mac has taken this decade is far from the philosophies it''s [sic] founders prescribed to and quite frankly would make each and every one of the seven founders turn over in their grave."" (see Unauthorized Biography Page)

""Mac Tools had seen the last of its autonomy. The word from Stanley was a huge restructuring was in the works and this marked the end of the [sic] a long tradition in the tool business. Stanley assured it''s [sic] independent contract distributors that their investment and livelihood was safe and these moves would increase profitability for all involved. Many people accepted this and were supportive while others were sceptical and with good reason."" (see Unauthorized Biography Page)

""By aligning Mac Tools with other Stanley hand tool manufacturing, they created the Mechanics Tools Division within the [sic] Stanley works [sic]. This was done to streamline operations by

eliminating duplication of processes and to upgrade tool forging technologies. This was the start of a downward spiral of employee, distributor and customer confidence in Mac Tools that they have seen over the latter half of this decade."" (see Unauthorized Biography Page)

""While distributors from all over the world questioned the corporate entity as to why key items were suddenly not available, Mac continually told their people that it was temporary and, it seems, neglected to truthfully communicate the seriousness of the situation."" (see Unauthorized Biography Page)

""Adding insult to injury, Mac Tools continued to recruit new distributors even though they could not adequately supply the ones they had let alone any new ones. The distributors who started at this time were at a huge disadvantage for obvious reasons and many had a tough time making a go of it."" (see Unauthorized Biography Page)

""It is very interesting and certainly worth noting that the turnover rate of distributors is traditionally high. Certainly higher than Mac will tell a potential distributor when they are being recruited. Mac has an aggressive recruiting program as they always need warm bodies to replace their departing distributors. In fact, the district managers are paid bonuses and receive accolades for having the most "starts".... Mac gives little effort to retaining existing

distributors and assisting them in clearing hurdles that often have been placed in front of them by Mac themselves.... Many of the managers who practised this have quit because they know it is an unethical practice, but many more practice this on a daily basis as it appears to be company policy."" (see Unauthorized Biography Page)

""When Mac Advantage [a Mac Tools credit financing system] was introduced to the distributor force, it was presented to the distributors with several key points; [sic] 1) Annual interest rate of 12%. 2) No recourse to the distributor if account defaulted. 3) Start date April 1994."" After being told this information and given the mandate to sell, distributors from all over did what they were told based on the information that they had been given. The system was not implemented until March 1995 (not April 94), the interest rate was 18% (not 12%) and there was recourse to the dealer (not "no recourse"). Quite a bit different from what was communicated from management."" (see Unauthorized Biography Page)

""Often, distributors (past-present) have stated that contracts, customer payments and credits due were apparently "lost" creating a delay in receiving credit notes... .Many customers have had problems with Mac Advantage ranging from missing payments, interest over charges, timely service and even alleged fraud perpetrated by an "agent" of Mac Tools."" (see

Unauthorized Biography Page)

""While deceptive statements and figures during recruitment keep new people coming in [sic]. The reality of the return on investment keeps people leaving."" (see Unauthorized Biography Page)

""The system has gone through radical changes in the latter half of this decade. Ranging from U.S. traditional distributors being cast to the wayside, to Canadian distributors walking through a revolving door as cannon fodder in the relentless pursuit of profit, to loyal customers losing value of their investment because of a shrinking product line and no equally valuable replacement. Distributors, customers and employees are tired of taking the loses [sic] so the corporation can continue to profit. Much of the strategies have since passed, but the effects Mac has had on a great deal of families will live on for years to come."" (see Unauthorized Biography Page)

""Taking what he was told at face value, Mr. McNeil entered into a distributorship agreement with Mac Tools. Within weeks of signing his contract (which he says he never received a copy of), forwarding his funds for his initial inventory and purchasing his truck, he was ready to hit the road. Now that he was signed up, he says that the tone changed. During the training period, Mr. McNeil again asked about the pulp mill he was to have in his territory. To his complete surprise, Mr. Hamilton told him that he had

given it to another distributor and that there was enough for Mr. McNeil without it. Upon pressing for a reason as to why Mr. Hamilton had deceived him, Mr. McNeil was, in an agitated manner, told that if he did not like it than [sic] he could quit. At this point, at this level of commitment, quitting was not an option. Though he was not happy with how he was deceived, he had committed himself and was determined to make a go of it."" (see Case Study Page)

""In February of 1994 it was time to see the promised unveiling of the computer software system Mr. Hamilton spoke of during recruitment. At Dallas, it quickly became apparent that this system was far from being available and by all indications was not even going to be available in Canada at all. According to sources, even to this day, this software is not available to Canadian Distributors."" (see Case Study Page)

""Undaunted, Mr. McNeil continued on and quickly became a consistent top performer. After being in the business for about 8 months it became obvious to him that his expenses were far greater than the two projections he had received from Mac Tools via Mr. Hamilton. Mr. McNeil decided to contact Mr. Hamilton to ask him why three key parts (computer software, pulp mill and operating expenses) discussed during recruitment were not truthful. According to Mr. McNeil, Mr. Hamilton became abusive and

reminded Mr. McNeil that he, Mr. Hamilton, could ""make or break"" him."" (see Case Study Page)

""Mr. McNeil claims that during this time, not only was product becoming scarce, but his support (that he was entitled to under contract) was non-existent. Also during this time, the (former) national sales manager, Steve Eyre, was off on medical leave and, through no fault of Mr. Eyre, the company had become a ship without a captain. Not only was key product hard to come by (we are talking wrenches, ratchets, sockets... .KEY PRODUCT!!) but the internal hierarchy was in dissary [sic] which in turn was reflected on the service levels of the distributor force and ultimately the customer."" (see Case Study Page)

""Mr. McNeil, and many others, assert that these problems continued on for many months causing Mr. McNeil and hundreds of other distributors a loss of profit and goodwill. Mr. McNeil claims that he had a 2 piece ratchet set on back order for just over 1 year! Many other similar tales of service levels seem absurd and even humorous, until one reflects on the seriousness of the situation and the impact of the lone distributor."" (see Case Study Page)

""Another DBM, Adriano Monopoli, was [sic] started in Mr. McNeil''s area during the height of the operational mayhem."" (see Case Study Page)

""Although the tools were now at least coming, Mr. McNeil contends that the quality of the product had suffered. Instances of chrome peeling or tools breaking under light service were not uncommon. Air tool availability, performance and reliability were down. This caused an increase in warranty claims from customers that, coupled with the poor service levels, caused cash flow issues for many distributors, Mr. McNeil included."" (see Case Study Page)

""Though Mr. McNeil contends that he always lived frugally, he none the less he [sic] found himself in a serious cash flow situation that he directly attributed to Mac and the service issues."" (see Case Study Page)

""Of concern to Mr. McNeil was that his money was tied up in their system, but they refused to send him product. After voicing this to Mr. McDonald, he was assured it would be taken care of. Soon after, Mr. McDonald joined the ranks of so many other Mac people and quit. Needless to say, everything was not taken care of and the situation was not getting better."" (see Case Study Page)

""Mr. Patten, according to Mr. McNeil, took exception to Mr. McNeil and transferred thousands of dollars in product to Mr. McNeil''s trade account (which Mr. McNeil says he never ordered or received) and recoursed [sic] Mac Advantage delinquent accounts to his trade account. This, according to Mr. McNeil, was

done contrary to contractual and company policies. Mr. McNeil brought this to the attention of regional sales manager Steve Eyre, who like many other times, said he would get right on it. Again, nothing was done except a parting of the ways between Mac Tools and Norm Patten."" (see Case Study Page)

""When the new Mac Advantage system was introduced in 1995, it superseded another agreement called the Mac Cap agreement. In the Mac Advantage agreement, there was a clause that stated ""any disputes relating to this or any other document must be settled through arbitration"" [sic] This was obviously put in by Mac in order to protect themselves from claims arising from the Mac Cap system mentioned in so many lawsuits. Well, Mac''s hired guns convinced the Judge that the actual distributor agreement (the agreement the lawsuit is based [sic]) is a related agreement to the Mac Advantage agreement and therefore, Mr. McNeil could not seek legal remedy and must peruse [sic] alternative dispute resolution."" (see Case Study Page)

""Short lived was Mr. McNeil''s optimism. Mac''s attorneys tried yet more strong arm tactics and Mac continued to put more fictitious charges on Mr. McNeil''s trade account and ultimately terminated the distributor agreement."" (see Case Study Page)

""Over the span of the last 1.5 years, Mr. McNeil says he has been trying enter [sic] into

arbitration as the Judge ordered, to no avail. McNeil also claims to have pleaded with the presiding Judge to exercise any power he has to enforce his ruling, to no avail. Mr. McNeil insists that for almost a year Mac and their attorneys have ignored Mr. McNeil by not returning phone calls, faxes, or e-mails."" (see Case Study Page)

""Early in my dispute with Mac I realized that I was not being treated in a fair manner."" (see Funduk Letter Page)

""Either way I looked forward to exposing their unfair dealings and be compensated [sic] for the damage they caused me."" (see Funduk Letter Page)

""In fact, both Mac Tools and their council [sic] will not return calls at all. It is not fair dealing and is most certainly not in good faith."" (see Funduk Letter Page)

""My understanding of the reasoning behind the Franchise Act was to prevent these types of abuses within the franchise context. This situation, in my humble opinion, has shown a flagrant disregard for the public policy and the moral interests of the people of Alberta."" (see Funduk Letter Page)

""Firstly, I wanted to point out the lack of respect this corporation has shown for both our policies and the decision you brought forth. I am sure the architects of the revised Franchise Act did

not envision this type of outcome and I am equally sure you fully expected Mac Tools to settle this dispute through ADR like they argued for and you ruled in favour of."" (see Funduk Letter Page)

""As it currently sits, they simply are refusing to honour the law of our land, their own agreements and your ruling."" (see Funduk Letter Page)

""In sum, because of the actions of this company, I have depleted all financial resources to the point that I can no longer retain council [sic] and without intervention will likely loose [sic] everything. I refuse to give up my rights under my own laws so an American corporation can skirt our laws and continue to do business contrary to the law of our land."" (see Funduk Letter Page)

""After months of unsuccessful efforts to cure problems caused by, among things [sic], Mac''s closing of the Canadian Distribution centre, documented accounting errors and malicious actions of Mr [sic] Norm Patton, I was forced (and challenged to) seek legal remedy to our dispute in January of 1998."" (see Eyre Letter Page)

""I have not responded in the manor [sic] expected after the strong arm and bully tactics and will not let this simply be dropped. I refuse to be ignored any longer. I have made great efforts to keep this dispute between our two parties and

have come to the point where because of your handling of this matter I have no choice but to include other parties. This letter will be cc''d to the current president of the company (just in case he is not in the loop) and if I am still ignored I will have no choice but to move into the public relations arena."" (see Eyre Letter Page)

""To put it succinctly, if [sic] choose to ignore the court decision (that you fought for) I will be forced to seek outside help and utilize the court of public opinion."" (see Eyre Letter Page)

As at September 29, 1999, the Defendant had also published on the Defendant''s Mac Tools Web Site many statements which purport to be authored by third parties and which, collectively and individually, lower the reputation and goodwill associated with the Plaintiff, its Products and Business, and which have the resulting effect of depreciating the value of the goodwill attaching to the MAC TOOLS Trade-marks. These alleged third party statements include:

""It has come to my attention that there are some serious problems for a MAC TOOL distributor."" (see Anonymous Letter Page)

""If you have answered yes to one or more of these questions you may be interested to know that a distributor association is being formed in order that we may together try to alleviate individual frustration and collectively negotiate with MAC TOOLS for a more equitable solution to our problems."" (see Anonymous Letter Page)

""The website www.mactools.ab.ca has shown in detail how Mac Tools has operated over the past few years. Mass layoffs, plant closures, supply issues, service problems etc. How could Stanley Works, a 156 year old American corporate icon, allow this to happen and risk tarnishing their good name? Upheavals throughout the entire company have seen that revered reputation blackened with infamy."" (see Guest Rant Page)

""Under the previous CEO, Richard Ayers (yes, that''s Dick-Ayers!), a restructuring process was implemented. It was a disaster for many involved, especially independent Distributors and factory workers. But, the stock remained healthy and was worth over $50/share. Under the new CEO, John Trani, Stanley REALLY began to change. Mr. Trani immediately geared-up (pun intended) to unleash a massive restructuring that would forever change the face of Stanley. Under his leadership, Stanley has seen a 25% work force reduction (from 20,000 down to 15,000.), 53 plant and 16 warehouse closings, supply and quality issues, and a freefall plunge in their stock value to under $25 per share. Mr. Trani is paid 3.2 million per year."" (see Guest Rant Page)

""Closing a hinge factory in the U.S. and having them made in China in a ""partnership"" or closing the Goldbatt plant in Kansas; [sic] These closures affected real people who, in many cases, were 20 year plus loyal employees. They were thanked for their dedicated service by losing

their jobs to Chinese and Mexican workers. Ironically, 1/3 of Goldbatt''s workforce were Mexican immigrants who came to U.S. looking for a better life."" (see Guest Rant Page)

""Having made it through the public relations forum seemingly unscathed, Stanley was yet to hurl the final insult upon the public. During restructuring, Stanley had eliminated domestic steel and was using off shore steel in the new manufacturing facilities. Many of their high profile brands of hand tool were being touted as ""Made in the U.S.A."". Off shore steel means it is not ""Made in the U.S.A."". The public was mislead [sic] and the F.T.C. was not impressed."" (see Guest Rant Page)

""After literally years of major upheaval, what do they have to show for it? A lean, efficient globally competitive giant poised to regain lost market capitalization? Likely, but at what cost? After turning their back of [sic] thousands of loyal distributors and employees, and wilfully deceiving the public, whatever Stanley does have to show for it, it was on the backs of their own loyal people and customers."" (see Guest Rant Page)

""We leave [sic] in California, Orange county. We had a Mac Tools dealer over this area, his name is or was Gary Spurlock. Last year he was about to retire from Mac Tools. He got the name and social security numbers of his customers and forged the signatures of them, obtaining lines of credit "for his customers" and putting these

moneys in his pocket. Now he is gone, and nobody knows where he is. I realized this situation when a few weeks ago I got in the mail a letter from a collection agency were [sic] I was owing Mac Tools More [sic] than $7,000 in tools that I never got. I called 1 800MACTOOLS and nobody could explain what is going on. I''ve sending [sic] messages and still calling but the only thing they tell me is that now I must talk to the colllection [sic] agency. This dealer is a crook! and the big corporation is doing nothing about it! Please if you know something about this, or related to it, let me know."" (see Readers Writes Page)

""I still haven''t talked to Mac yet. I am still making my list. I can''t believe the stuff they have cut out and the stupid stuff they have put in their book. What and [sic] the world is a drywall saw doing in that kind of tool catalog. They cut out all kinds of stuff [sic] I didn''t realize until I talked to Casper, my tool guy, today. He said they won''t listen and doesn''t know what they are gonna do about warranties on discontinued tools. He said that he can give the cash back since he is a private dealer but the company guys can''t. They have to credit your account. He said that it is a mess.... Another thing Casper said is that they don''t know who is behind all this mess. Stanley or the Mac department."" (see Readers Writes Page)

""I have a feeling that it''s called ''consolidation '' I was a pilot for Eastern Air Lines for over 20

years, so I''ve heard it all before: "We are shrinking our way back to profitability." Translation: We are squeezing out all the employees so we can bankrupt this place and transfer all the assets to non-union Continental where everyone works for near minimum wage. Just look around - Stanley, Dannaher, Cooper, and Snap-On are buying out all the smaller companies and consolidating them. I would almost be willing to bet that we will soon have only one or two big companies owning all the rest. That way they can eliminate all the competition, eliminate duplicate manufacturing facilities, move most production outside the USA, eliminate most of the employees, and charge whatever they can get. The bean counters are running the store now. If it''s a low-profit or a low-volume item, it''s gone."" (see Readers Writes Page)

""Stanley, contrary to Snap-on (that being said from a former Snap-on sales rep) never quite fully developed the franchisee franchisor commitment. This distributor stuff from MAC is pure malarkey."" (see Readers Writes Page)

""I had once a MAC dealer, a top dog, let me say that he would pack up and get a MATCO tool truck and stick it to MAC. A former MAC and now Snap-on guys, also told me MAC is a joke. In all I feel bad for those top earners who manage to build a decent business under the brand. They are being outright cheated. What a franchise, and how these corporate heads

managed to destroy it!!!!!!!! Those f... [sic] Harvard and Wharton grads are not as smart as they think. I also recall, that a ontime MAC had a policy of only promoting from within. A tool man could go as far as being CEO. Now all you have is probably a bunch of lawyers, CPAs and MBA''s [sic]. I am almost sure as to this guess.'' (see Readers Writes Page)

''Have seen some postings lately in the auto section about Mac dealers that wont [sic] warranty tools if theyre [sic] more than 10 years old. I dont [sic] have much of Mac hand tools so Im [sic] not too worried personally but if I did I would be pissed. So I was going to give my Mac dealer a hard time about it but he hadnt [sic] been by the shop for over a month. I was talking to my Snapon dealer today and mentioned about not seeing the Mac guy lately. He told me my Mac dealer and another had been fired. I know that Mac uses only employees and not independent dealers anymore and maybe this is why. My guess is my dealer didnt [sic] make his quota or something like that. He and the other dealer only started last year and he seemed like an ok guy. I had just bought an air drill from him and I still owe a balance, gee what am i [sic] to do?;-)'' (see Readers Writes Page)

''I don''t know about not warrantying tools over ten years old, but I do know the quality and service levels have taken a dive since the employee dealer program started. The dealer in my area is a good guy, but never has anything

on the truck. He''s limited to $27,000 in inventory including used items. He''s frustrated because Mac continues to send him Stanley contractor tools and non tools items such as fishing poles, but he couldn''t put together a standard or metric wrench set to sell if he had to. It''s becoming a mobile mail order truck. Alot [sic] of sales are driven by a need at the moment or spontaneously when the tool is in your hand. If he doesn''t even have a good supply of the basics he misses those opportunities because later that day or week tool truck ''S'' or ''M'' or ''C'' will be by and chances are they will have a decent inventory. I''ve gotten so fed up with the inventory and service level that a couple of weeks ago I traded in what Mac tools I had for another brand. Now I know if I need a T-square or fishing pole I can go see the Mac guy, otherwise I''m done.'''' (see Readers Writes Page)

''''The new MAC tools catalog is out and as I flip through it I notice a lot of items are no longer listed. They''ve discontinued three tool box lines. Only selection now is various model of Macsimizer, tech 1000, and economizer boxes. Almost all of the six point wrenches are discontiued [sic]. And to me the biggest shock was the almost total elimination of 3/4'''' drive tools. I called my local dealer to find out if this was the case and he said yes but with one difference, actually all of the 3/4'''' drive stuff is being discontinued. If a customer needs 3/4'''' drive they''ll have to special order Proto tools

for them, however they don''t have a catalog for Proto. So what about warranty of previously bought MAC tools? Not sure. He said MAC/Stanley was streamlining. Doesn''t look like a good trend to me. The good news is that they did add contractor tools to the catalog, so next time your [sic] working on that heavy equipment and need a level or a cross cut saw you''re covered."" (see Readers Writes Page)

""Well it sounds to me like all you MAC guys ,[sic] or were MAC guys. Are [sic] taking it up the tail pipe. I think you should take those corporate mother f*****s out back and lay the f*****g boots to em [sic] all! Well that''s all I have to say about that. Keep up the good work buddy."" (see Readers Writes Page)

""My brother in-law [sic] got into Mac after 20 years of being a truck mechanic. Almost everything mentioned on your site happened to him and my sister. I think that it is criminal what they do to people and I am glad someone is publically [sic] telling their story. 20 years of work was reduced to nothing in a matter of 3 years. Now they have to start over at almost 50. Shame on Stanley."" (see Readers Writes Page)

""This sounds awful familiar. I know nothing about tools, but I did get shnookered [sic] into becoming an Amway distributor and, maybe I am the only one, but I see some parallels. Not the MLM part, but more the deceptive recruiting and chew ''em up and spit ''em out mentality."" (see Readers Writes Page)

""I was here last week and I saw a bunch of postings from a Bulliten [sic] Board Service that had a bunch of people complaining about MAC Tools, and how much they loathe them.... I''ll look at my MAC Tools guy in a whole different light, poor bastard."" (see Readers Writes Page)

""I was a mac [sic] dealer for about 3 and a half years. I went broke (just like the guy before me and the guy before him and...). I admire what you are doing and wish I could have done the same thing. I looked at suing them, but it was going to cost me money I did not have. The way I was recruited and the product issues are exactly the way it happened to me as well. Another thing you may want to mention is the AES (Automotive Equipment Specialists). This was a program that was to help increase sales of scopes and other expensive tools that the competitors were already doing. This was a key reason why I got in. I specifically asked about equipment sales and I was told this new program was going to make Mac competitive with other companies. As with all the other promises you mention on your site, this too fell through. The competition kept on selling equipment in my territory. There was a long period where I could not get sockets and wrenches to remain even partially competitive. All the big sales and little sales were being ''snapped'' up by the company who could supply. Eventually the cycle caught up with me and I had to throw in the towel on the dream of independence. After sucking up the loss and

paying off my debts, I was left in bad financial shape. At my age (53) starting over financial has not been easy. I wish I knew then what I know now."" (see Readers Writes Page)

The Defendant''s Skunclenet Web Site publishes the Defendant''s views on a number of topics, including East Timor, the United States government''s involvement in the 1993 incident at Waco, Texas involving David Koresh, the use of drugs amongst high school students and photo radar. The Defendant''s Skunclenet Web Site as at September 17, 1999 made the following statement: ""Sorry that this page hasn''t been updated in a while, but the staff have been busy putting together www.mactools,ab.ca.""

Defamatory Statements

The statements referred to in paragraphs 22 and 23 hereof, when reviewed in their entirety, mean or are understood to mean that:

Stanley abuses its employees, managers, distributors and customers;

Stanley''s methods of conducting business cause many unhappy people;

Stanley''s founders would ""turn over in their graves"" if they were aware of the company''s new corporate policies and way of doing business;

Stanley is staffed by corporate villains and hooligans;

Stanley relies upon underhanded methods of conducting its business in order to increase its profitability at the expense of its stakeholders;

Stanley is deceitful, untrustworthy and dishonest;

Stanley makes promises, but fails to honour them;

Stanley makes false and misleading statements to induce prospective distributors to join the system;

Stanley does not support its distributors;

Statements made by Stanley should not be believed;

Employees, distributors and customers of Stanley have lost confidence in the company;

Stanley encourages its managers to engage in unethical business practices; and

Stanley''s agents engage in fraudulent activities.

Defamatory Statements and Stanley''s Damages

By reason of the above defamatory publications, Stanley has suffered injury to its character, credit and reputation and damage to its trade and business. These statements and graphic designs are also false, misleading and defamatory and were published.

li>Stanley has served the Defendant with a Notice pursuant to Section 13 of the Defamation Act, R.S.A. 1980, c. D-6, as amended. Stanley pleads and relies upon Sections 2 and 3 of the Defamation Act.

Correspondence from the Plaintiff

On September 28, 1999, W. Lee Webster, counsel for the Plaintiff, received the following e-mail message from the Defendant:

> ""Gentlemen,
> At this point, you all must have surmised that the only way of making
>
> me go away is to purchase this site from me. The exposure this site has garnered is beyond expectations and with recent and upcoming media attention, it is poised to grow in exponents only the internet can foster. Conventional mass media and expanded internet domains specific to Stanley, and their activities, are the next logical step in this new arena of battle.
>
> As always, my dealing in good faith is still intact and, in what has become somewhat of a tradition, I am forewarning you of my intent and extend the opportunity to make further actions unnecessary. As always, if I hear nothing from you I will assume you are uninterested and will move forward with my plans.
>
> Regards,
> Phil McNeil
>
> www.mactools.ab.ca something new every day!""

On September 30, 1999, Sean Smyth, counsel for the Plaintiff, received the following e-mail message from the Defendant:

> ""Sean, A quick note to show you what ignoring a tenacious Scot will do! have [sic] a good one. Phil""

Depreciation of Goodwill and Stanley''s Damages

The above statements and graphic designs, collectively and individually, lower the reputation and goodwill associated with the Plaintiff, its Products and Business, and depreciate the value of the goodwill attaching to the MAC TOOLS Trade-marks.

By the Defendant publishing statements and graphic designs of and about the Plaintiff on the Depreciating Web Sites in association with the MAC TOOLS Trade-marks, the Plaintiff has suffered, and will continue to suffer, damages and irreparable harm, including loss of reputation and goodwill with the public in general and, in particular, with customers and potential customers of the Plaintiff, its subsidiaries and their authorized distributors.

By reason of its aforementioned actions and conduct, the Defendant:

has used the MAC TOOLS Trade-marks in a manner that is likely, contrary to Section 22(1) of the Trade-marks Act, to have the effect of depreciating the value of the goodwill attaching to the MAC TOOLS Trade-marks;

has, contrary to section 19 of the Trade-marks Act, violated the Plaintiffs exclusive right to the use of the MAC TOOLS Trade-marks by using the words ""Mac"", ""Tools"" and/or ""Stanley"" in the Defendant''s url addresses and in the meta tags of the Depreciating Web Sites; and

has, contrary to section 20 of the Trade-marks Act,

infringed the MAC TOOLS Trade-marks by selling his wares and services and advertising his wares, services and business in association with the MAC TOOLS Trade-mark.

The Plaintiff pleads and relies upon the provisions of the Trade-marks Act, including sections 19, 20, 22, 53.2 and 55.

The Plaintiff proposes that the trial of this matter be held at the Court House in the City of Edmonton, in the Province of Alberta.

The Plaintiff believes that this trial will not take longer than 25 days.

WHEREFORE THE PLAINTIFF CLAIMS:

a declaration that the Defendant:

has used the MAC TOOLS Trade-marks in a manner, contrary to section 22(1) of the Trade-marks Act, that is likely to have the effect of depreciating the value of the goodwill attaching to the MAC TOOLS Trade-marks;

has, contrary to section 19 of the Trade-marks Act, used the MAC TOOLS Trade-marks;

has, contrary to section 20 of the Trade-marks Act, infringed the MAC TOOLS Trade-marks; and

has published false, misleading and defamatory statements and graphics of and concerning the Plaintiff on the Defendant''s Mac Tools Web Site and the Defendant''s Skunclenet Web Site;

a permanent injunction restraining the Defendant and any person acting under the instructions of the Defendant and anyone aware of such order of this Honourable Court from:

using the MAC TOOLS Trade-marks, or any other trade-mark, trade-name or design similar thereto, in a manner likely to have the effect of depreciating the value of the goodwill attaching to the MAC TOOLS Trade-marks;

making false, misleading and depreciating statements in association with his use of the MAC TOOLS Trade-marks, or any other trade-mark, trade-name or design similar thereto, in a manner such that the statements would, collectively or individually, be likely to have the effect of depreciating the value of the goodwill attaching to the MAC TOOLS Trade-marks;

using in any manner whatsoever, including on and in the meta tags and uniform resource locator (""url"") address of any web site, including the Depreciating Web Sites, the MAC TOOLS Trade-marks, either alone or in combination with any other words or symbols;

using in any manner whatsoever, including on and in the meta tags and url address of any web site, including the Depreciating Web Sites, any trade-mark, trade-name or design confusingly similar to the MAC TOOLS Trade-marks;

advertising the sale of new, used or broken MAC TOOLS Products in association with the MAC

TOOLS Trade-marks or any other trade-mark or design confusingly similar thereto; and

publishing false, misleading and defamatory statements and graphics of and concerning the Plaintiff on any web site, including the Depreciating Web Sites.

an order directing the Defendant to deliver up to the Plaintiff or its solicitors all hardware and software in the Defendant''s possession, custody, control or power which enable or facilitate the Defendant to post a web site on the Internet, including delivery up of the Defendant''s personal computers which serve as a host for the Depreciating Web Sites, or directing that the said materials be destroyed and proof of such destruction be provided to the Plaintiff or its solicitors within such times and upon such terms as may be fixed by this Honourable Court;

an order directing the Defendant to abandon his url address www.mactools.ab.ca;

damages in the amount of Ten Million Dollars ($10,000,000.00);

punitive and exemplary damages in the amount of Five Million Dollars ($5,000,000.00);

the Plaintiffs costs of this action on a solicitor and client basis, plus GST;

pre-judgment and post-judgment interest on the aforementioned amounts pursuant to the Judgment Interest Act (Alberta), as amended; and

such further and other relief as the Plaintiff may be entitled to and which this Honourable Court may deem just.

DATED at the City of Edmonton, in the Province of Alberta, this 29th day of October, 1999, and

DELIVERED BY Osler, Hoskin & Harcourt LLP, Barristers and Solicitors, Solicitors for the Plaintiff, whose address for service is in care of the said Solicitors at 1900, 333 - 7th Avenue SW, Calgary, Alberta, T2P 2Z1 to the attention of Andrew D. Little.

ISSUED out of the office of the Clerk of Court Queen''s Bench, Judicial District of Edmonton, this 29th day of October, 1999.

_____

CLERK OF THE COURT

OCT 29''99 11:17 FR COURT OF QUEENS BENCH 80 422 9742 TO 914032607024 P.02/02

IN THE COURT OF QUEEN"S BENCH OF ALBERTA
JUDICIAL DISTRICT OF EDMONTON

BETWEEN: *[Filed 11/17/99]*

THE STANLEY WORKS

Plaintiff

- and -

PHIL MCNEIL

Defendant

Statement of Defense

The Defendant, Phil McNeil (""McNeil"") admits the facts contained in paragraphs 1 and 2, but otherwise denies each and every allegation in the Statement of Claim except where the same constitutes admissions against the interest of the Plaintiff (""Mac Tools""), and puts Mac Tools to the strict proof thereof.

McNeil agrees that he entered into a written distributorship agreement (the ""Agreement"") with Mac Tools, through the Mac Tools Division of Stanley Canada Inc.

McNeil did not receive a copy of the Agreement until November, 1999.

Mac Tools incurred the following obligations as a result of

entering into the Agreement:

Provide products manufactured and/or distributed by Mac Tools (the ""Product"") to McNeil in a timely and efficient manner;

Maintain an accurate accounting of all monies received from McNeil in satisfaction of his obligations under the Agreement;

Advise McNeil within thirty days of the end of the calendar month of the National Distributor average for the previous calendar month.

The Agreement constitutes a franchise under the Alberta Franchises Act, S.A. 1995, c. F.-17.1.

Mac Tools breached the duty of fair dealing required under the Alberta Franchises Act and their obligations under the Agreement:

by its failure, from time to time, to provide Product to McNeil in a timely manner;

by its failure to provide proper local and regional administrative support to McNeil;

by providing, from time to time, inferior, defective and substandard Product to McNeil and failing to replace the same in a timely fashion; and

by its failure to maintain an accurate and current accounting of:

all monies received from McNeil; and

all Product returned by McNeil under warranty or otherwise.

As a result of Mac Tools'' breach of its statutory duty of fair dealing, McNeil has and continues to suffer damage, particulars of which include the following:

losses resulting from loss of services of Mac Tools;

loss of business opportunities;

loss of profit; and

loss of goodwill.

In answer to paragraph 9 of the Statement of Claim, McNeil agrees that on January 6, 1998, McNeil filed a Statement of Claim in the Alberta Court of Queen''s Bench (the ""McNeil Action"").

The McNeil Action was stayed by Master Funduk based on a decision that any dispute arising under the agreement should be dealt with by way of arbitration as a result of an arbitration clause in the Mac Advantage credit agreement (Arbitration Clause).

Master Funduk did not make any findings of fact on the evidence of either party in the McNeil Action.

McNeil denies that the appeal of Master Funduk''s Order in the McNeil Action was dismissed, and submits that an application to Justice Chambers was adjourned sine die but has not been rescheduled.

The Arbitration Clause requires both parties to engage in a three step process.

Mac Tools issued McNeil a Notice to Negotiate (the ""Notice"").

McNeil responded within 20 days of receiving this notice, as required, on November 5, 1998 and indicated his intention to participate in the process.

Mac Tools has failed to communicate with McNeil since receiving McNeil''s response.

McNeil sent an e-mail to counsel for Mac Tools, dated December 13, 1999, affirming his intention to proceed with negotiation and requesting Mac Tools to reply. Mac Tools failed to respond to this request.

McNeil sent another e-mail to counsel for Mac Tools, dated April 5, 1999, affirming his intention to proceed with negotiation, to which Mac Tools again failed to respond.

In answer to paragraph 13 of the Statement of Claim, McNeil agrees that he is the registered domain owner of www.skunclenet.ab.ca (Skunclenet), but denies that he operates Skunclenet or is responsible for any of the content on the Skunclenet web page.

Specifically, McNeil has no connection with, and is not responsible for, the views expressed on Skunclenet regarding East Timor, Waco, high school drugs, or photo radar.

Allegations of Defamation

The statements that are alleged to be defamatory in the Statement of Claim (the ""Statements"") are true or substantially true and therefore McNeil pleads the

defence of justification to the allegations in the Statement of Claim.

The facts that give rise to the defence of justification include:

In the early 1990s, Richard Cote (""Cote"") was the Vice-President of sales for Mac Tools;

Cote was demoted and subsequently had a job stress related heart attack;

Cote resigned his position after taking six months disability pay because he refused to be the ""Axe Man"" for the new President of Mac Tools;

After resigning, Cote went to work for a competitor of Mac Tools;

Before his death, Cote indicated to his son that Mac Tools failed to invest in training their distributors;

In September, 1993, McNeil approached Walter Hamilton (""Hamilton""), a District Business Manager (""DBM""), and inquired about the possibility of becoming a distributor for Mac Tools;

Hamilton provided McNeil with an information package that outlined the requirements and the advantages of becoming a Mac Tools distributor. This package included:

a projected operating expense form, which

Hamilton and Mac Tools represented as:

> demonstrating that McNeil could expect his fixed operational expenses to range from $9 700 to $10 500 annually;
>
> the average expenses of actual distributors with varying years; and
>
> accurate;

a glossy brochure entitled ""The Road to Freedom. The Mac Tools Opportunity,"" which contained the following representations:

> ""As a Mac Distributor, you''ll discover that, although you operate an independent business, you''re far from being alone. You''ll have one of the most extensive support systems in the industry right at your fingertips. And you can tap into it as little, or as much as you like.""
>
> "".....Your district sales manager is available to help you by offering new ideas and valuable sales tips. Your DSM can tell you about truck displays that move product. Promotional techniques that can increase sales at every stop. Your DSM will even spend time with you on the truck .....

helping you arrange your initial inventory and establish a weekly route.""

""But the support does not end once you get behind the wheel. Frequent district meetings are a continuing source of guidance. They are your chance to learn about new products and tool applications. Share new ideas. And draw on the knowledge of other Mac Tools Distributors.""

""In today''s competitive climate, a solid customer credit program is a must. It helps move products more quickly than operating on a cash-only basis. And, your customers may be more likely to make major purchases if they are offered a convenient, weekly payment plan.""

""Mac Tools offers an extended customer credit program to help you keep products moving. Your customers will appreciate dealing directly with you and Mac Tools for financing. But, perhaps more important, you''ll like the way a solid credit program helps you move big ticket items more often and without hassles;""

Hamilton told McNeil that Mac Tools would not show potential distributors deceptive numbers because the distributors success was also

Mac''s success;

McNeil''s actual operating expenses in the first two years as a distributor were more than three times the figure represented by Hamilton as being the average expense of distributors;

Upon McNeil realising that his operating expenses were significantly higher than those represented to him by Hamilton, McNeil raised the issue with Hamilton, who became abusive toward McNeil and reminded McNeil that Hamilton could ""make or break"" him;

Hamilton represented to McNeil prior to entering into the Agreement that the territory assigned to McNeill would consist of the same territory the previous distributor had vacated;

McNeil specifically asked whether his territory would include a lucrative pulp and paper mill (the ""Mill""), and Hamilton assured McNeil that the Mill would be included in McNeil''s area;

The previous distributor''s territory had included the Mill;

After McNeil entered into the Agreement with Mac Tools, and while McNeil was in training, Hamilton advised McNeil that he had allowed another distributor to assume responsibility for servicing the Mill, but warranted that McNeil''s territory a sufficient number of customers without the inclusion of the Mill;

When McNeil raised the issue of this misrepresentation with Hamilton, Hamilton told McNeil that ""if he did not like it then he could quit"";

McNeil opined that he was not in a position to quit his new position because he had already invested a significant amount of money into the distributorship;

Prior to entering into the Agreement, Hamilton represented to McNeil that Mac Tools would be introducing a new software package (""Mobile Tools Assistant"") within a few months at the 1994 Tool Fair in Dallas, Texas, and implied to McNeil that Mobile Tools Assistant would be available to Canadian distributors;

During the entirety of McNeil''s distributorship with Mac Tools, Mobile Tools Assistant failed to become available to Canadian distributors, including McNeil;

In 1994, Hamilton was removed from supervising McNeil due to a change in the structure of the district. For approximately six months, McNeil did not have the support of a DBM;

In spite of this lack of support, McNeil was reasonably successful in filling his orders due to an economic upswing and to McNeil''s own hard work and popularity with the customers;

After approximately six months of having no

DBM for McNeil''s district, Frank Quiring (""Quiring"") replaced Hamilton as the DBM. McNeil advised Quiring of Hamilton''s conduct toward McNeil as mentioned in subparagraphs g-p, and Quiring arranged a meeting between McNeil, Quiring, and Eyre at the Orlando Tool Fair in 1995 (""Orlando Tool Fair"");

Neither Eyre, nor any Mac Tools executive or DBM took any action with respect to the problems encountered by McNeil in his dealings with Hamilton as a result of the meeting at the Orlando Tool Fair, or at all;

A distributor from the same district as McNeil, Tim Rempel (""Rempel"") also had problems with Hamilton and a meeting was arranged between Rempel, Quiring and Eyre;

Quiring was transferred to Atlantic Canada shortly after the Orlando Tool Fair, which again resulted in McNeil being left without a DBM for approximately another six months;

After Quiring''s departure, the National Sales Manager of that time, Steve Eyre (""Eyre""), was on medical leave leaving the distributors with very little managerial support;

Many of Mac Tools'' key products were difficult for the distributors to obtain, including:

wrenches,

ratchets, and

sockets;

McNeil had ordered a two piece ratchet set around this time which was kept on back order for over a year;

The failure of Mac Tools to provide adequate support and service to the distributors resulted in the distributors losing profit and the goodwill of their customers;

A new DBM, Adriano Monopoli (""Monopoli""), soon replaced Quiring, although Monopoli was transferred shortly thereafter leaving McNeil"s district without a DBM and the accompanying support;

Monopoli was replaced many months later with Norm Patten (""Patten"");

On July 13, 1996, a meeting was held by two DBMs, Patton and Monopoli, to address the concerns of the distributors in two districts for Mac Tools. Approximately 15 distributors attended this meeting, including McNeil;

The following summary of distributor concerns resulted from the meeting, and was published in a report prepared by Michele Zielinski (Report):

> changes being made within Mac Tools head office, which had a direct impact on distributors and their ability to do business, were made without

consultation or timely notification to distributors;

when a minimum order charge policy was implemented, the distributors were only given three weeks to prepare for this change, which would significantly impact on the distributors'' ability to maintain their inventory, both financially and operationally, and provide customers with quick turnaround on products;

the mid-range tool box distributed at that time was not designed to meet the needs of the market or compete with the competition. For example, Snap On offered a top and bottom tool box for $2400 as compared with Mac Tools'' bottom only box for $3500;

products in the monthly sales flyers had become repetitive;

creative marketing strategies were needed to lure mechanics in automotive repair or industrial sales;

Mac Tools offered no marketing flexibility or allowance for regional differences. For example, Mac Tools failed to make allowance for the fact that what sells in Ontario may not sell in the Prairies;

order forms for promotional products at

times reached the distributor after the deadline for ordering;

the minimum charge resulted in orders being shipped in longer intervals, and communications were delayed as a result of being sent with orders;

in spite of increasing sales, the number of people in Mac Tools'' head office had not changed in proportion to this growth;

distributors received poor customer service from staff at the Mac Tool Canada head office;

Mac Tools failed to respond promptly to technical or operational questions of the distributors;

Where Product was not received by the distributors as ordered, Mac Tools took an inordinate amount of time in correcting the problem;

the lack of customer service provided to Mac Tools'' distributors resulted in the distributors having to find answers in isolation from other distributors, and often involved hours of long distance and cell phone time;

Mac Tools did not provide immediate confirmation to distributors of special orders having been received;

Mac Tools failed to provide notice to distributors of product availability or pricing;

discontinued items failed to appear on invoices;

voice mail notification was often not received for days;

Mac Tools failed to take action in response to problems on a timely basis;

where certain items was ordered, distributors received a different model;

distributors were unable to submit daily orders due to the minimum order charge;

backorder problems persisted and in fact worsened;

the opportunities to order monthly promotional items has arrived the day before the ordering deadline, which requires bulk ordering for the month. The result is that there is no opportunities to stagger or adjust orders;

Mac Tools made picking and shipping errors, which resulted in lost sales for the distributors and increased time to correct the errors;

Mac Tools policy of having a minimum order charge resulted in distributors receiving larger orders less frequently. Some of these orders were sent by ground due to the weight factor, taking over one week to receive. This results in the distributor being required to spend more time processing inventory;

Mac Tools would at times provide distributors with incomplete orders where part of the set was on backorder;

Mac Tools trade marks became less frequent on the lower priced tool boxes. For example the MB1000 tool box did not have identifiable Mac drawer handles, but rather used handles of inferior quality;

Industrial equipment often failed to have identifiable Mac Tools labelling;

Some of the large equipment and kits came with small peel-off decals instead of noticeable crests;

Mac Tools failed to provide allowance for larger sizes of clothing for distributors and customers;

Mac Tools pricing was often not competitive;

price list and catalogues for KD and Lisle products were not available to distributors;

the parts price list was outdated, causing the distributors to lose money;

the MB 2170 toolbox did not have a parts breakdown for three months and, as a result, where there was a problem with a part, that part could not be repaired until the breakdown became available;

distributors were expected to make payments to Mac Tools within 10 days, while credits to distributors were completed in 4-8 weeks;

new distributors are penalised by previous distributors'' poor accounts;

Distributor representative Claude Gaumont (""Gaumont"") hand delivered the Report to Eyre;

The Report resulted in few changes in the way Mac Tools dealt with distributors;

In a letter by Eyre to Canadian Distributors, Mac Tools admitted that:

as a result of advertising products in the flyers that have limited quantities or are not in stock, the distributors:

credibility has suffered; and

have missed opportunities to make sales;

the customer service department has been improperly staffed;

the commitment to frequent communication with Canadian distributors was insufficient;

Mac Advantage contracts were out of stock and unavailable to Canadian distributors; and

The price list supplied by Mac Tools was complicated and difficult to use and contained discontinued and unavailable product;

Mac Tools withheld information from the distributors about the reason for the failure to deliver service orders in a prompt manner;

Specifically, Mac Tools was unable to provide Product to distributors in a timely manner because of a labour dispute at the distribution centre in Columbus;

Distributors were not advised of the reason for the poor service;

Eyre admitted to McNeil to withholding information as he feared the true facts would destroy distributor morale;

Mac Tools continued to recruit new distributors at

this time in spite of the fact that they could not adequately supply the distributors already working for Mac Tools;

Some time prior to April, 1994, Mac Tools devised a new credit system (""Mac Advantage"") which Mac Tools represented as having an annual rate of 12% and under which Mac Tools was to have no recourse to the distributor where a customer''s account was in default;

Mac Advantage was not actually implemented until March 1995, rather than April 1994 as originally represented, had an interest rate of 18%, and Mac Tools claimed recourse to the distributor for accounts in default;

The conversion date to the Mac Advantage system was Monday, March 6, 1995;

On March 4, 1995, Mac Tools outlined the effect of the change in credit programs to distributors, including McNeil. At this meeting, distributors, including McNeil, were told that if they did not sign the contract that day, all of the contracts previously entered into under the Mac Cap system would become the liability of the individual distributor;

The distributors were not given a chance to consult legal counsel with respect to this credit agreement before signing;

In early 1997, the availability of Product increased,

but the quality of Product decreased. For example, instances of chrome peeling or tools breaking under light service were common;

In 1997, McNeil borrowed more money and invested in Mac Tools in the form of trade account payments, broken tool credits, and Mac Advantage contracts;

Mac Tools Canada closed and was consolidated with the Mac Tools plant in Columbus, Ohio (the ""Consolidation"");

Eyre and the former president of Mac Tools, Tim McDonald, assured McNeil he would not be inconvenienced as a result of the Consolidation;

In spite of the fact that McNeil had borrowed money to finance more Product from Mac Tools, Mac Tools failed to supply McNeil with Product until two months after credit had been provided;

Patten and Eyre advised McNeil that he (McNeil) was the only distributor experiencing problems with credit and supply of Product;

In an undated letter written later than July 31, 1997, Eyre acknowledged that:

> Canadian Distributors were not being efficiently served by the Mississauga distribution centre;
>
> distributors had faced problems in

obtaining product in a timely manner, or at all, as a result of the Consolidation;

Mac Tools ""experienced poor service levels"";

Credits were delayed as a result of the Consolidation due to ""computer programming issues"";

Mac Tools initiated a program (""Mac Direct"") in the United States whereby in addition to the independent distributors, distributors were hired as employees of Mac Tools in order to improve the ratio of Mac distributors to that of the competition;

Mac Tools recognised, or should have recognised, that by hiring a number of employees to perform the same duties as the independent distributors, the profitability of the business of the independent distributors would suffer;

In Mac Tools letter referred to in paragraph (aaa), Mac Tools represented that if distributors followed the plan set out at the outset of their business:

the distributors should not be in need of refinancing;

Mac Tools continues to be a viable opportunity; and

Mac Tools remains ""very committed to the success and profitability of its independent traditional distributors.""

McNeil made every effort to follow the initial plan set out when he entered into the Agreement;

McNeil was a top performer with Mac Tools from 1993-1998. McNeil received numerous awards and other performance related incentives, including:

travel vouchers;

a gold ring;

a gold necklace;

a diamond tennis bracelet; and

wall plaques;

Patten took leave from his position for medical reasons, leaving McNeil and the other distributors in his district without the support of a DBM.

Upon Patten''s return from leave, and after McNeil had commenced legal proceedings against Mac Tools, Patten transferred in excess of a thousand dollars in Product to McNeil''s trade account, in spite of the fact that this Product was neither ordered nor received;

Mac Tools failed to pay money owing to McNeil for warranty adjustments made by McNeil

while having to operate without a DBM;

Patten recoursed Mac Advantage delinquent accounts to McNeil''s trade account, in spite of Mac Tools representations that Mac Advantage accounts would not be recoursed to the distributor;

McNeil raised the issue of Mac Tools outstanding account owing to McNeil with Eyre, who admitted accounting errors by Patten, but failed to deliver on his promise to rectify the situation;

Patten subsequently left his position at Mac Tools, leaving McNeil again without a DBM;

On April 14, 1998, Mac Tools distributed a document which admits to distributors that:

sales have been lost due to ""quality, slow new product development, delivery, and price problems"";

there has been unreasonable delay in the filling of orders. Specifically, Mac Tools admitted that in April of 1997, the company had not completed shipment of the backorders for the Fall 1996 sale;

the pricing arrangement in effect prior to April 14, 1998 placed distributors at a disadvantage with competitors;

the air wrench sold through distributors prior to April 14, 1998 was not of a

quality of which distributors could be proud;

the goal of Mac Tools is to sell as many tools as possible profitably;

The turnover rate of distributors for Mac Tools is high;

Potential distributors are not told of the high turnover rates when they are being recruited by Mac Tools;

District managers are paid bonuses and receive accolades for recruiting the most distributors;

Mac Tools has offered little assistance to some distributors once they had entered into the Agreement;

The lack of assistance faced by distributors was admitted by a former DBM, Ted Detrich, who confirmed that ""it is easier to start a new guy than to try and clean up the problems of an existing one;""

Mac Tools failed to provide distributors, including McNeil, with an aggregate dollar amount required to be purchased by the distributors as Mac Tools was obliged to do under the Agreement;

McNeil fulfilled his obligations under the Agreement until March, 1998;

Stanley Works was the owner of companies,

including Husky and Proto, which distributed tools on which ""made in the U.S.A."" was stamped in spite of the fact that the fact that the content of the product which was actually made in the United States of America (U.S.A.) was insufficient to support the implication that the product was in fact made in the U.S.A;

In November 1991, an Idaho jury awarded a Mac Tools distributor named Bill Griffin (""Griffin"") $40 000 in compensatory damages and $500 000 in punitive damages (the ""Griffin Action""), based on a finding that:

Mac Tools'' conduct toward Griffin was ""wanton, malicious and outrageous""; and

Mac Tools had breached its contract with Griffin;

Former Mac Tools distributors testified in the Griffin Action that Mac Tools had made representations to them regarding their potential success as Mac distributors;

The jury award in the Griffin Action was upheld on appeal to the Idaho Supreme Court;

Another former Mac Tools distributor who operated in North Carolina, Alfred Talton, (""Talton"") brought an action for breach of contract, fraud, and various other causes of action arising out of Talton''s operation of a

Mac Tools distributorship;

Talton affied that a Mac Tools recruiter had induced Talton to enter into the distributorship agreement with Mac Tools by making misrepresentations to Talton about the level of risk involved in operating a distributorship, the effort required to make a profit, and the potential for financial success;

The Talton action was dismissed as a result of a release of claims against Mac Tools which had been signed by Talton previous to his discovery of this information;

""The Stanley Works"" was ranked number eleven on www.bloomberg.com ""most hated stocks"" (Bloomberg);

Mac Tools has failed to make themselves accountable for the conduct engaged in by Gary Spurlock;

In so far as the Statements consist of statements of fact the words are true, and in so far as the words consist of expressions of opinion they are fair comment made in good faith and without malice upon facts which are a matter of public interest.

The facts relied on by McNeil in paragraph 24 include the facts as set out in paragraph 23.

The Statements consist of allegations and facts contained in the Statement of Claim in the McNeil Action or arising out of those facts.

McNeil, as a participant in the litigation in the McNeil Action, is protected from liability for the Statements by Absolute Privilege.

In the alternative, the Statements are protected by Qualified Privilege.

McNeil had a moral duty to communicate the Statements to the public.

Both potential distributors and customers of Mac Tools have an interest in receiving the Statements.

The grounds for this claim as set out in the Statement of Claim of the Plaintiffs are frivolous and vexatious.

Breach of Trademark Allegations

McNeil denies using the trade-marks registered by Mac Tools in a manner prohibited by the Trade-marks Act.

Specifically, and in answer to paragraph 33(c) of the Statement of Claim, McNeil denies having sold wares, services or businesses in connection with the Web Site.

In the alternative, any ""use"" by McNeil of the Mac Tools''s trademark was accompanied by a disclaimer which advised his potential audience of his lack of affiliation with the Plaintiff.

Specifically, the Web Site:

- introduces the user to the ""Unofficial Mac Tools Homepage""; and

contains the word ""disclaimer"" on the homepage.

In the alternative, the ""use"" alleged by Mac Tools by McNeil was not ""use"" that risked causing confusion, or that could be construed as misrepresenting to the Web Site''s potential audience that there was in fact an affiliation between the Mac Tools and McNeil.

In the alternative, and in answer to paragraph 3 of the Statement of Claim, Mac Tools is not the valid registered owner in Canada of the ""Mac Tools"" trade mark rights.

The proper owner of the trade mark referred to in paragraph 32 is Pete Roberts.

Damages

McNeil denies that Mac Tools sustained injury, loss or damage as alleged in the Statement of Claim, or at all, and puts Mac Tools to the strict proof thereof.

If Mac Tools sustained injury, loss or damage as alleged in the Statement of Claim, or at all, which McNeil denies:

All Statements by McNeil were made in good faith, without malice, and McNeil honestly believed the truth of their contents;

Mac Tools was not a reputable corporation prior to the existence of the Web Site; and

In making the Statements, McNeil relied upon

information supplied by other parties, and identified the sources of the information in the publication.

McNeil agrees to trial of this action being held at the Law Courts Building, in the City of Edmonton, in the Province of Alberta.

Wherefore the Defendant prays that the Plaintiff''s claim be dismissed with costs .

Dated at the City of Edmonton, in the Province of Alberta, this 17th day of November , 1999 , And Delivered by Messrs. Bishop & McKenzie, Barristers and Solicitors, #2500, 10104 - 103 Avenue, Edmonton, Alberta, T5J 1V3, solicitors for herein whose address for service is in care of the said solicitors.

Issued out of the Office of the Clerk of the Court of Queen's Bench of Alberta, Judicial District of Edmonton, this 17th day of November, 1999 .

_____

CLERK OF THE COURT

TO: CLERK OF THE COURT
AND TO: THE STANLEY WORKS
c/o OSLER, HOSKIN & HARCOURT
Barristers & Solicitors
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UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

[Filed 8/20/02]

Philip R. McNEIL, Plaintiff–Appellant,

v.

The STANLEY WORKS, Defendant–Appellee.

No. 00-16557.
D.C. No. CV-00-01509-MHP

APPELLANT'S MOTION TO RECALL MANDATE AND FOR LEAVE TO FILE VERIFIED MOTION FOR SANCTIONS

Appellant moves this Court to withdraw its mandate of April 10, 2002, and grant leave to file the attached Verified Motion for Sanctions, stating:

I. GROUNDS FOR RELIEF SOUGHT

Appellee Stanley has engaged in conduct that is tantamount to a fraud upon this Court, warranting (a) recall of the Court's mandate of April 10, 2002, and (b) leave to Appellant to file the attached Verified Motion for Sanctions.

II. PROCEDURAL BACKGROUND

This case originated from a dispute between Phil McNeil and The Stanley Works ("Stanley") over two Internet domains, i.e., *thestanleyworks.net* and *stanleyworks.net*. After a fraud action filed by McNeil (in Canada) was referred to arbitration, Stanley ignored McNeil's requests to arbitrate for over a year, prompting McNeil to purchase the domain names and link them to his anti-Stanley website. An ICANN proceeding resulted, leading to a ruling ordering Appellant to relinquish the two domain names. Appellant then appealed the ICANN order to the United States District Court for the

Northern District of California. [That district had been stipulated to by the parties, and was where the domains were registered and the name servers located.]

After two years of litigation, this Court issued its mandate on April 10, 2002, affirming the district court's *forum non conveniens* dismissal.

III. FACTS WARRANTING RELIEF

A. Facts Specific to this Dispute

Prior to the April 10 mandate (on January 24, 2002), and unbeknownst to Appellant, Stanley abandoned the domain names which were the subject of two years of litigation in the federal courts! Stanley also did not bother to notify this Court it had abandoned names, which would have rendered the entire case moot.

Ironically, one name was re-registered by Appellant (*thestanleyworks.net*). The other has been expired for almost 8 months (*stanleyworks.net*).

These circumstances suggest that Stanley needlessly protracted this case for the sole purpose of putting Appellant (and the courts) to needless trouble and expense, knowing full well the names themselves had little or no value to Stanley.

Whether willful, reckless or careless, Stanley's abandonment of domain names makes a mockery of the judicial system. These parties, and numerous courts, have spent years litigating the issues between the parties, yet Stanley abandoned the subject matter of the dispute just as a decision was imminent.

Stanley's conduct constitutes a profligate waste of the Court's resources, and an inexcusable abuse of the judicial system. Moreover, Stanley's abandonment of the names reinforces what Appellant has been saying throughout this litigation, i.e., Stanley's primary objective has been to manipulate the judicial system and financially oppress

Appellant through expensive litigation, rather than submit to a simple proceeding on the merits of the underlying claim.[1]

B. Background of The Stanley Works

Stanley is a powerful United States company. Its resources are no match for Phil McNeil, a proud Canadian who took his battle against Stanley to the Internet, only to have an ICANN forum improperly strip his domains away.

Historically, Stanley has a popular, well-known tradition for making quality tools. But Stanley has an equally famous, if not *infamous*, well-documented reputation for engaging in unfair and deceptive business practices towards its distributors.

Although it had been sued hundreds of times in the United States, McNeil's fraud case against Stanley was the first of its kind in Canada. Fearing a similar tide of litigation in Canada, Stanley was determined to break McNeil's pocket book, and his will. The litigation in this Court was just one small part of Stanley's overall plan to oppress and defeat McNeil at any cost, and suppress fundamental freedoms. This conduct cannot be tolerated any longer.

Fn. 1. To illustrate Stanley's abuse of the courts, it need only be pointed out that (1) Stanley filed a frivolous $10 million defamation action against McNeil in Canada (in which it has failed for 3 years to supply a shred of proof that McNeil has disseminated even one untrue statement on the website), and (2) moved to dismiss this case below even though it had stipulated to jurisdiction in San Francisco as a prerequisite to filing the ICANN proceeding.

C. Other Litigation Involving Stanley

Stanley's treatment of its Mac Tool distributors,[2] (like McNeil) led one Idaho court to comment:

> ***Mac violated the Consumer Protection Act by representing to Griffin that its training, support, and collection services to distributors had uses and benefits which in fact did not exist, that Mac represented its training, support, and collection services to be of a standard and quality which in fact did not exist, and that Mac advertised for sale to Griffin training, support and collection services that it never intended to provide. ... Mac repeatedly violated the consumer protection act in its dealings with all the distributors that testified for Griffin on this issue. ...***
>
> ***I am not a fan of inflated verdicts. Nevertheless, my conscience was shocked, not by the jury verdict, but by the indefensible tactics used by Mac against Griffin and other local distributors. It is difficult to fathom why a company that has a deserved reputation for manufacturing high-quality products would be willing to treat its primary customers -- the local distributors -- so shabbily.***

Fn 2. Mac Tools is the division of Stanley responsible for distributing Stanley tools through a network of distributors located in the U.S. and Canada.

The evidence shows that Mac enticed new and unsophisticated distributors into the business with misleading information and pie-in-the-sky projections. The evidence shows that Mac routinely failed to honor its promises of support. The evidence shows that Mac was determined to squeeze every penny it could out of its distributors, within or without the confines of the law. Mac is a multi-million dollar company with many distributors, and only a large aware of exemplary damages will deter it from similar conduct in the future.

Carey, J., *Mac Tools, Inc. v. Griffin*, Fourth District Court, Ada County, Idaho, Case No. 92156.[3]

V. SPECIFIC RELIEF REQUESTED

The actions of Stanley (as identified in the attached Verified Motion for Sanctions), amount to a blatant fraud upon this Court *and the district court*, and constitute abusive litigation under applicable law. *Exhibit 1.*

WHEREFORE, Appellant moves this Court for an order: (1) recalling the mandate, and (b) granting leave for Appellant to file his Verified Motion for Sanctions.

Dated this 19th day of August, 2002.

The undersigned hereby swears and affirms that he is a member of the bar of the this Honorable Court, and that the contents of this

---

3

Fn. 3. The $500,000.00 punitive damage award in *Griffin* was upheld by the Idaho Supreme Court. *See Mac Tools, Inc. v. Griffin*, 126 Idaho 193, 879 P.2d 1126 (Id.Sup.Ct. 1994).

pleading are true and accurate to the best of his knowledge, information and belief.

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No. 03-1615

Supreme Court, U.S.
FILED
JUL - 6 2004
OFFICE OF THE CLERK

In The

Supreme Court of the United States

PHILIP R. MCNEIL,

Petitioner,

v.

VERISIGN, INC.
and
THE STANLEY WORKS,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

BRIEF IN OPPOSITION

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QUESTION PRESENTED

Petitioner Philip R. McNeil previously sued Respondent The Stanley Works on the same grounds alleged in this litigation. In the first case, the district court dismissed on *forum non conveniens* and abstention. That decision was affirmed by a unanimous Ninth Circuit panel, and no appeal was taken. This lawsuit was filed five months later, raising the same claims before the same court. The district court again dismissed, this time on collateral estoppel. The Ninth Circuit summarily affirmed, and this Petition followed. Under these circumstances, only one question could properly be raised by petition:

Did the Ninth Circuit err when it affirmed the district court's order dismissing the complaint on collateral estoppel grounds?

CORPORATE DISCLOSURE STATEMENT

Pursuant to Supreme Court Rule 29.6, Respondent The Stanley Works makes the following disclosure. The Stanley Works is a nongovernmental corporation. It has no parent corporation. Citibank Corporation is the only publicly held company that owns 10% or more of The Stanley Works's stock.

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STATEMENT OF THE CASE

Petitioner Philip R. McNeil ("McNeil") is a Canadian citizen and disgruntled former distributor of automotive tools for the Mac Tools division of Respondent The Stanley Works ("Stanley Works"). App. 32, 34. After his Mac Tools distributorship was cancelled for violations of the distribution agreement, McNeil registered a Canadian website – www.mactools.ab.ca – where he began posting defamatory information about Stanley Works. In addition, McNeil registered eight other domain names that included the name Stanley (the "Stanley domains") and linked them to his Canadian website. App. 39. McNeil registered the Stanley domains in the United States through Respondent Verisign, Inc. ("Verisign") via procedures established by the Internet Corporation for Assigned Names and Numbers ("ICANN"). App. 39, 48.

Seeking to protect its name, trademarks and reputation, Stanley Works sued McNeil in Canada to ascertain its rights with regard to the www.mactools.ab.ca domain and to stop McNeil's related unlawful conduct. App. 61. That litigation is still pending. App. 13. Stanley Works also commenced legal action in the United States under ICANN's Uniform Dispute Resolution Policy ("UDRP"). The UDRP proceeding was launched to determine Stanley Works's rights with regard to two of the Stanley domains: thestanleyworks.net and stanleyworks.net. App. 26. Stanley Works prevailed on the merits in the UDRP proceeding, and the arbitrator ordered McNeil to relinquish the two domain names. App. 49.

McNeil challenged the arbitrator's ruling by commencing suit ("*McNeil I*") in the Northern District of California. App. 32. Among other things, the complaint in

McNeil I alleged that Stanley Works had defrauded McNeil into investing in, and operating, the mobile tool distributorship, App. 34-35, and that Stanley Works had commenced the Canada litigation to "destroy" McNeil, "conceal the truth," and "illegally interfere with, and damage, Plaintiff's civil rights, including his freedom of expression on the Internet," App. 30. Based on these allegations, the Complaint stated five separate causes of action. Count I sought declaratory judgment that McNeil was the "lawful owner" of the Stanley domains. App. 39-40. Count II sought to enjoin Stanley Works from litigating to recover the Stanley domains or otherwise interfering with McNeil's "right to own and use the names in furtherance of fundamental freedoms." App. 40. Counts III through V asserted claims of "Malicious Abuse of Process," "Denial of Fundamental Rights Pursuant to 42 USCA § 1983," and "Intentional Infliction of Emotional Distress." App. 40-43.

The district court ultimately dismissed the entire complaint in *McNeil I* on a variety of grounds, most significantly for purposes of this Petition, under the doctrine of *forum non conveniens*. App. 25, 28. Specifically, the court concluded that the Canada litigation provided an "available alternative forum," and that both private and public interest factors weighed "heavily on the side of dismissal." App. 28, 29. McNeil appealed the decision to the Ninth Circuit, which, on April 10, 2002, unanimously affirmed "on the basis of *forum non conveniens*." App. 19. McNeil did not appeal the Ninth Circuit's judgment, thereby permitting it to become final.

Approximately five months later, McNeil refiled his complaint in the Northern District of California. App. 45. This second proceeding ("*McNeil II*") was engendered by

McNeil's loss in another UDRP proceeding that Stanley Works had commenced with regard to four more of the Stanley domains. App. 50. McNeil tried to differentiate the new complaint by couching his arguments in different terms and adding Verisign and ICANN as parties. Nevertheless, for all practical purposes – especially as concerning Stanley Works – the two complaints were identical, with the two counts in *McNeil II* mirroring the first two counts from *McNeil I*. *Compare* App. 58-59 *with* App. 39-40.

The district court agreed that *McNeil II* was merely an attempt to relitigate the loss in *McNeil I*. Thus, on August 26, 2003, the court dismissed the re-filed complaint as barred by collateral estoppel. App. 2. The court concluded:

> The issue of *forum non conveniens* has not changed in any respect between plaintiff's first complaint and the action now before this court. Nowhere in the instant complaint does plaintiff allege any new claim against Stanley, nor does he introduce any new evidence that might support a finding by this court that differs in any way from the initial dismissal based on *forum non conveniens*. In fact, plaintiff concedes that the litigation in Canada – an important factor in this court's original finding of *forum non conveniens* – has not yet been concluded. This court's finding of *forum non conveniens* was affirmed by the Ninth Circuit in 2000.... Furthermore, plaintiff's claims against Verisign and ICANN are wholly without merit and add nothing to his action against Stanley. Clearly, the issue of *forum non conveniens* has been fully litigated and cannot be repeated in the instant action.

App. 13-14. McNeil again appealed to the Ninth Circuit, which summarily affirmed the decision below, finding the questions raised on appeal to be "so insubstantial as not to require further argument." App. 1. This Petition to the United States Supreme Court followed.

ARGUMENT

The Court should deny McNeil's Petition for two reasons. First, the questions presented in the Petition all raise issues that were never addressed by the court of appeals or the district court. Second, the only question that properly could be raised – *i.e.*, whether collateral estoppel was correctly applied – is not worthy of *certiorari*. The decision below was obviously correct, and reviewing it has no implications beyond the facts of this case. For these reasons, Stanley Works respectfully requests the Court to deny the Petition.

I. McNeil's Petition Only Raises Issues that Were Not Addressed by the Courts Below.

Typically, this Court does not decide questions "not raised or resolved in the lower court." *Youakim v. Miller*, 425 U.S. 231, 234 (1976); *Taylor v. Freeland & Kronz*, 503 U.S. 638, 646 (1992). Indeed, it is only in "exceptional" circumstances that questions not addressed below may be reviewed. *Youakim*, 425 U.S. at 234. In this case, the questions raised in McNeil's Petition were not addressed below, and no exceptional circumstances exist that would warrant evaluation by this Court.

McNeil presents seven questions in his Petition to the Court. Only the first six are relevant to Stanley Works. Of

those, the majority seek review of issues related to forum selection. The remaining questions concern whether McNeil has the right to sue under the federal Lanham Act, 15 U.S.C. § 1051 *et seq.* None of these issues, however, were ever addressed, to any extent, by either of the courts below. Indeed, the district court, on motion to dismiss, promptly held that McNeil's claims were collaterally estopped by the holding in *McNeil I*. The Ninth Circuit summarily affirmed. Because none of the questions presented in the Petition were addressed below, there is no record on which the Court could review them.[1] Furthermore, the only issue that could be raised on appeal – *i.e.*, the suitability of collateral estoppel – is not one of the questions presented. For these reasons, the Court should deny the Petition without further consideration.

II. The Sole Issue Addressed by the Lower Courts Is Not Worthy of *Certiorari*.

Even if the Court determines that the issue of collateral estoppel has been properly raised, the Petition should still be denied. The reasoning applied by the courts below was sound, with no repercussions beyond the facts of this case. No constitutional errors are implicated, no conflicts among courts exist, and no novel or complex questions of law are at stake. Rather, the rulings below clearly comprised proper application of the estoppel doctrine.

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[1] This point is significant, because McNeil's Petition is replete with factual allegations that are disputed by Stanley Works. Insofar as none of these allegations have been reviewed and adopted by a finder of fact, there is no basis on which this Court could make the determinations sought by McNeil.

The estoppel doctrine provides that "once an issue is actually and necessarily determined by a court of competent jurisdiction, that determination is conclusive in subsequent suits based on a different cause of action involving a party to the prior litigation." *Montana v. United States*, 440 U.S. 147, 153 (1979). Numerous courts applying this doctrine to facts analogous to those at issue in this case have all reached the same conclusion: a party whose action has been dismissed for *forum non conveniens* may not refile and relitigate that issue in the same court with regard to the same claims.

The Ninth Circuit's ruling in *Offshore Sportswear, Inc. v. Vuarnet Int'l, B.V.*, 114 F.3d 848 (9th Cir. 1997), is instructive. The dispute in *Offshore* arose, in part, from a licensing agreement that had a mandatory forum selection clause creating exclusive venue in Switzerland. The district court dismissed the litigation based on that provision. *Id.* at 849. In an attempt to keep the litigation in the United States, the plaintiffs filed another action in state court based on the same underlying facts, but with modified causes of action. *Id.* The defendants nonetheless removed the new action to federal court and filed a motion to dismiss. *Id.* at 849-50. Finding that the two cases were substantially the same, the district court dismissed on grounds of issue preclusion. *Id.* at 850.

On appeal, the Ninth Circuit affirmed, noting that if the plaintiffs had wanted to challenge the dismissal for improper forum, they should have filed an appeal in the original action. *Id.* at 851. Failure to do so left them subject to issue preclusion. *Id.* Indeed, the court noted that the forum selection issue was "critical to dismissal of the original action," was "adjudicated on *its* merits," and "conclusively determined when the time passed for appeal." *Id.*

(emphasis in original). "Having failed to appeal" the first time around, the plaintiff was barred from relitigating the forum selection issue with respect to the same claims. *Id.*

Other courts addressing this issue in the same context are all in agreement. *See, e.g., De Aguilar v. Boeing Co.*, 11 F.3d 55, 58-59 (5th Cir. 1993) (dismissal in one district court based on *forum non conveniens* precluded relitigation of that issue in another district court where there was no material change in underlying considerations); *Seguros Comercial Americas S.A. De C.V. v. Am. President Lines, Ltd.*, 933 F. Supp. 1301, 1306 (S.D. Tex. 1996) (same). *See also* 18A Charles A. Wright, *et al.*, Federal Practice and Procedure § 4436, at 149-50 (2002) (dismissal on *forum non conveniens* works issue preclusion as to same issues raised in the same court). No contrary decisions have been located.

Based on these authorities, it is clear that the Ninth Circuit and district court below properly applied the doctrine of collateral estoppel to the facts of this case. The complaint in *McNeil I* sought declaratory and injunctive relief sustaining McNeil's rights to use the Stanley domains. Although the Ninth Circuit conclusively held that venue was improper in California, McNeil commenced this second case – again seeking declaratory and injunctive relief as to the Stanley domains – in the same court. The issue of proper forum, however, had already been decided. He thus could not simply refile the same litigation hoping to get a different result.

In short, even if McNeil is deemed to have raised the collateral estoppel issue, the doctrine was properly applied below and there are no issues that warrant

certiorari. Thus, for these reasons as well, the Petition should be denied.

CONCLUSION

The Ninth Circuit decided only one issue in this case: whether collateral estoppel barred McNeil from renewing claims that previously had been dismissed for *forum non conveniens*. The Petition, however, does not even raise that issue, instead seeking review of the prior litigation or substantive claims that have never been addressed. Furthermore, the decision below was correct, and no merit exists in granting review. Accordingly, the Petition should be denied.

Respectfully submitted,

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IN THE

Supreme Court of the United States

PHILIP R. MCNEIL, PETITIONER

v.

THE STANLEY WORKS AND VERISIGN, INC.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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CORPORATE DISCLOSURE STATEMENT

Pursuant to Sup. Ct. R. 29.6, Respondent, VeriSign, Inc. by its counsel, Rivkin Radler LLP, hereby certifies that VeriSign, Inc. is a publicly held corporation that has no parent corporation and that no other publicly held corporation owns more than 10% of its stock.

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INTRODUCTION

Respondent VeriSign, Inc. ("VeriSign") submits this Opposition Brief in response to the Petition for a Writ of Certiorari filed by Petitioner Philip R. McNeil. Petitioner claims that this Court should review this matter because the District Court for the Northern District of California and the United States Court of Appeals for the Ninth Circuit, in issuing a summary affirmance, were incorrect. Respectfully, for the reasons set forth below, the instant petition should be denied.

SUMMARY OF ARGUMENT

As a threshold matter, the instant petition falls beyond the scope of permitted criteria for granting a writ of certiorari. Petitioner's application is based upon a Ninth Circuit ruling that summarily affirmed the District Court's order dismissing the Complaint for failure to state any actionable claim against VeriSign. (1)[1] Accordingly, the instant petition is not based upon any conflicting application of law among the Circuit Courts or State courts of last resort. Indeed, the petition does not even raise an important federal question insofar as it relates to VeriSign.

Petitioner commenced this action against Stanley Works ("Stanley"), Internet Corporation for Assigned Names and Numbers ("ICANN") and VeriSign, alleging that the Uniform Dispute Resolution Policy ("UDRP"), which is incorporated into

---

[1] Numbers in parenthesis refer to pages in the Appendix To Petition For Writ of Certiorari.

Petitioner's domain name registration contract with VeriSign and which proceeding led to the transfer of several Internet domain name registrations from Petitioner to Stanley, wrongfully deprived Petitioner of those domain name registrations and mandated declaratory and injunctive relief against the trademark owner, Stanley, the domain name registrar, VeriSign, and the registrar accreditation body, ICANN. (45)

Petitioner argues that the dismissal of the Complaint on the ground of forum non conveniens was improper; that the Anti-Cybersquatting Consumer Protection Act ("ACPA") created a federal cause of action for those negatively impacted by arbitration decisions under the UDRP; and that he should have been allowed to pursue his claim in federal court. Additionally, Petitioner argues that the courts erroneously applied res judicata principles in dismissing his claims and that the courts failed to give proper deference to the forum selection clause incorporated into the dispute resolution provision of his registration agreement. None of these arguments are cognizable under the rules governing certiorari.

More importantly, Petitioner did not pursue, in the Ninth Circuit or in this Petition, the sole basis for the District Court's dismissal of VeriSign – failure to state a claim for breach of contract. Additionally, controlling precedent and the unequivocal language of the statute itself provides that VeriSign, as a registrar, is not a proper party to a claim under the ACPA on the facts at bar. Therefore, resolution of the legal issues raised by Petitioner in its petition bear no relevance to the lower courts' decision as it relates to VeriSign.

Under the Rules of this Court, the petition presents issues inappropriate for review. As VeriSign demonstrates below, the underlying courts in this matter correctly applied existing and non-conflicting law in granting and upholding the dismissal of Petitioner's complaint against VeriSign. As a result, the Petition for a Writ of Certiorari should be denied.

FACTUAL AND PROCEDURAL BACKGROUND

Background Facts

Petitioner is a Canadian citizen. (22, 26) Stanley is a U.S. Corporation (Connecticut) doing business in Canada. (22, 26) The parties' dispute emanates from their failed business relationship over Petitioner's right to distribute MacTools, a Stanley product, in Canada. (3, 22, 25) In 1998, Petitioner sued Stanley in a Canadian court alleging breach of their distributor agreement. (67) The action was stayed pending arbitration and Petitioner's appeal from the stay order was dismissed. (67) In 1999, during the course of negotiations between the parties pursuant to the arbitration clause in the distributor agreement, Stanley discovered that Petitioner was operating a website at <mactools.ab.ca> which posted information critical of Stanley. (68-69) Stanley thus commenced suit in Canada against Petitioner under Canadian trademark law. (61-102)

The Domain Name Registrations At Issue

In January, 2000, Petitioner registered the following Internet domain names through the Internet

domain name registrar, Registrars.com: <stanleyworks.net>, <thestanleyworks.net>, <stanley-tools.com> <Stanley-Proto.com>, <stanley-husky.com>, <stanley-hardware.com> and <stanleysucks.com>. (3-4) In June 2001, Respondent VeriSign, Inc. ("VeriSign") acquired Registrars.com and became the successor in interest to the registration agreements relating to the above-listed Internet domain name registrations.[2] (3)

The Registration Agreements

In order to register a domain name through VeriSign, Petitioner was required to assent to a "Registration Agreement" with VeriSign. VeriSign's Registration Agreement incorporates the UDRP, which is approved by ICANN.[3] Like all ICANN-accredited registrars, VeriSign was required to incorporate the UDRP into its contract with registrants pursuant to its accreditation agreement with ICANN. (7-8) The UDRP establishes procedures for resolving disputes between domain name registrants and trademark owners. (15) Specifically, the UDRP provides for the appointment of an administrative panel who hears the dispute between the registrant and trademark owner. (6) If the trademark owner prevails, the panel may order either the cancellation of the domain name registration or the transfer of that registration to the trademark owner. (6)

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[2] For ease of reference, we will herein refer to the Registrars.com registrar as VeriSign.

[3] ICANN is a private corporation created in 1998 which, pursuant to a Memorandum of Understanding with the Department of Commerce, accredits Internet domain name registrars.

In the event a UDRP panel orders the transfer of a domain name registration, VeriSign's Registration Agreement with the registrant provides that it will implement the administrative panel's decision unless, within ten business days, the registrant provides VeriSign with official documentation that the registrant has commenced a lawsuit against the UDRP complainant in a mutual jurisdiction to which the complainant has submitted. (6) If VeriSign receives such documentation within ten business days, it will not implement the administrative panel's decision, and it will take no further action regarding the domain name registration, until it receives: (i) evidence satisfactory to the registrar of a resolution between the parties; (ii) evidence satisfactory to the registrar that the lawsuit has been dismissed or withdrawn; or (iii) a copy of an order from such court dismissing the lawsuit or ordering that the registrant does not have the right to continue to use the domain name. (6)

The UDRP Proceeding

In February, 2000, Stanley, as the registered trademark owner of "STANLEY," initiated a UDRP proceeding against Petitioner to recover two (2) domain name registrations for <thestanleyworks.net> and <stanleyworks.net> from Petitioner (hereinafter, the "First UDRP Proceeding"). (6, 62) On April 17, 2000, Stanley prevailed in the First UDRP Proceeding and the panel directed that the domain name registrations be transferred to Stanley. (3)

On April 26, 2002, Stanley commenced a second UDRP proceeding against Petitioner to recover four (4)

additional domain name registrations for <stanley-tools.com>, <stanley-proto.com>, <stanley-husky.com> and <stanley-hardware.com> from Petitioner (hereinafter, the "Second UDRP Proceeding"). (3-4). However, the Second UDRP Proceeding was stayed pending the outcome of McNeil I discussed below. (17)

McNeil I

1. District Court Litigation.

On April 28, 2000, prior to resolution of the Second UDRP Proceeding, Petitioner filed his first lawsuit in the U.S. District Court for the Northern District of California, Civ. No. C00-1509 (Patel, J.), challenging the decision of the First UDRP Proceeding. (32-44) Petitioner named Stanley as the sole defendant. (32) In July, 2000, the District Court dismissed Petitioner's Complaint on three grounds. (25-31) First, Petitioner's federal claim under 42 U.S.C. § 1983 was dismissed for lack of state action. (26-27) Second, the District Court abstained from exercising jurisdiction over Petitioner's remaining state law claims in deference to the ongoing Canadian litigation. (27-28) Thirdly, and alternatively, the District Court dismissed Petitioner's state law claims under the doctrine of *forum non conveniens* in light of the pending Canadian litigation as well. (28-29)

2. Ninth Circuit Appeal.

In a decision dated April 10, 2002, the Ninth Circuit affirmed the District Court's order dismissing the Complaint filed in McNeil I on abstention and,

alternatively, *forum non conveniens* grounds. (19-24) Simply stated, the Circuit Court held that the forum selection clause incorporated into VeriSign's Registration Agreement, which identified California courts, was permissive and did not mandate California courts as the exclusive forum. (22-23) The Circuit Court took notice of the pending Canadian litigation and the lack of any substantial ties between the California forum and the parties and issues in dispute. (23-24) The presence of VeriSign, as the registrar for the domain name registrations at issue, was deemed insufficient to retain jurisdiction. (21) VeriSign was neither a party to the first UDRP proceeding nor McNeil I.

Upon affirmance of the decision in McNeil I, VeriSign implemented the first UDRP decision and transferred the two (2) domain name registrations to Stanley. (3) Also, the Second UDRP Proceeding was then reinstated. (3) In August, 2002, Stanley prevailed again. (3) The Second UDRP Panel ordered that all four (4) domain name registrations be transferred from Petitioner to Stanley.

McNeil II

1. District Court Litigation.

In September, 2002, Petitioner filed his second lawsuit in the U.S. District Court for the Northern District of California, Civ. No. C02-4534 (Patel, J.) (45-60). This second suit challenged the constitutionality and fairness of, and the authority for, the mandatory UDRP provisions in the contract. (45-60). Petitioner now sued Stanley, VeriSign and ICANN. (45) By his

Complaint, Petitioner sought: (1) a declaration of his rights with regard to domain names transferred under the UDRP incorporated into VeriSign's Registration Agreement and (2) an injunction against VeriSign from transferring the domain names pursuant to a UDRP decision until a final adjudication by a court. (56-60)

The district court, in a decision dated August, 2003, dismissed the claims against VeriSign. (2-17) The court found that petitioner failed to state any claims against VeriSign. (5-7)

Petitioner sought an injunction to "prohibit VeriSign from transferring any of the disputed domain names until a final adjudication could be reached." (5) Such equitable relief requires a viable substantive claim. The District Court, however, searched the record for a cognizable claim against VeriSign and found none. (5-7)

Petitioner's sole relationship with VeriSign was contractual pursuant to the domain name Registration Agreements. (5-7) The District Court held that plaintiff could not state a prima facie case for breach of the Registration Agreements. (5-7) Viewing the allegations in a light most favorable to the petitioner, the District Court held that petitioner failed to allege the element of damages. Unable to state a claim for breach of contract, the District Court held petitioner was not entitled to injunctive relief. (5-7)

For reasons unrelated to VeriSign, the complaint against Stanley and ICANN were also dismissed. (7-17)

2. Ninth Circuit Appeal.

In an opinion dated February 27, 2004, the Ninth Circuit summarily affirmed the District Court's Order in McNeil II as to Stanley and VeriSign. (1) ICANN never moved for such relief and, presumably, Petitioner is still pursuing this branch of his appeal in the Circuit Court.

Specifically, VeriSign argued in support of summary affirmance that there was no basis to state a statutory or common law claim against it to warrant consideration of Petitioner's appeal. Petitioner only argued generally that he possessed theories on which relief could have been granted. Insofar as Petitioner had sought declaratory relief under the ACPA, VeriSign, as an Internet registrar, was exempt from liability under the statute on the facts at bar.

Significantly, Petitioner did not pursue the breach of contract claim on appeal. Petitioner having failed to contest the District Court's finding of lack of alleged damages, VeriSign argued that Petitioner abandoned and/or waived his right to appeal the existence of a breach of contract claim.

Accordingly, the Ninth Circuit held that the Petitioner's opening brief raised claims "so insubstantial as not to require further argument." (1) The instant application for a writ of Certiorari by Petitioner ensued.

PETITIONER'S WRIT OF CERTIORARI SHOULD BE DENIED

1. Petitioner Has Not Met The Standard For Granting Certiorari

As provided by this Court's Rules, a petition for a writ of certiorari will be granted only for a compelling reason. While not exclusive, the following factors are relevant to this Court's consideration of whether to grant Review on Certiorari:

> (a) a United States court of appeals has entered a decision in conflict with the decision of another United States court of appeals on the same important matter; has decided an important federal question in a way that conflicts with a decision by a state court of last resort; or has so far departed from the accepted and usual course of judicial proceedings, or sanctioned such departure by a lower court, as to call for an exercise of this Court's supervisory power;
>
> (b) a state court of last resort has decided an important federal question in a way that conflicts with the decision of another state court of last resort or of a United States court of appeals;
>
> (c) a state court or a United States court of appeals has decided an important question of federal law that has not been, but should be, settled by this Court, or

has decided an important federal question in a way that conflicts with relevant decisions of this Court. Sup. Ct. R. 10.

Petitioner readily admits that this matter does not fall within the foregoing criteria. Rather, it falls within the latter portion of Sup. Ct. R. 10, which provides that a petition for a writ of certiorari is rarely granted when the asserted error consists of erroneous factual findings or the misapplication of a properly stated rule of law. However, Petitioner's assertion in this regard has been waived and is, alternatively, unsupported.

2. Petitioner Abandoned Any Claim Relating To Breach Of Contract Against VeriSign

Petitioner did not pursue, in the Ninth Circuit or in his Petition, the sole basis for the District Court's dismissal of VeriSign – failure to state a claim for breach of contract. (5-7) The Ninth Circuit affirmed the District Court's dismissal, finding that the questions raised on appeal were so insubstantial as not to require further argument. (1)

Not only is the basis for the dismissal below unpreserved for review by this Court, it is insufficient to warrant granting a writ of certiorari. Petitioner does not challenge the Ninth Circuit's summary affirmance as inconsistent with other Circuits. Nor does finding that Petitioner failed to state a claim for breach of contract upon which relief may be granted, present any, let alone important, federal question.

3. Petitioner's Arguments Relating To *Forum Non Conveniens* Are Not Relevant To VeriSign

With respect to Stanley, the District Court held that although forum non conveniens is not a jurisdictional concept, it may be properly analyzed under claim preclusion principles as if it were. (13) Based on this analysis, the District Court held that "the issue of forum non conveniens has not changed in any respect between plaintiff's first complaint and the action now before the Court." (13) Significantly, the District Court confined its analysis to a comparison of Petitioner's claims against Stanley in both District Court litigations.

VeriSign's dismissal was, in marked contrast, based entirely upon factors independent of those warranting Stanley's dismissal. (5-7) Petitioner's claims against VeriSign, therefore, do not rise and fall upon his claim relating to the applicability of forum non conveniens. Nonetheless, Petitioner erroneously seeks certiorari on grounds that VeriSign's "presence" was "required," "preferred," and/or "warranted" in the District Court. By trying to introduce new claims against VeriSign as a new party, Petitioner seeks to reverse the dismissal against Stanley. In making this argument, Petitioner wholly ignores the fact that the claims against VeriSign were dismissed on their own accord for failure to state a claim. (5-7).

In any event, Petitioner's claims are without merit and do not meet the criteria necessary for this Court's review. Petitioner maintains that dismissal of

McNeil II on the grounds of *forum non conveniens* contravenes established federal law. In support of this claim, Petitioner cites *M/S Bremen v. Zapata Off-Shore Co.*, 407 U.S. 1 (1972), which held that forum selection clauses were presumptively valid. Petitioner argues that in view of the Ninth Circuit's rejection of the ICANN forum stipulation, *Bremen* principles need to be reaffirmed so that it is clear they are deemed to apply in the context of domain disputes, ACPA actions, and UDRP arbitrations.

Specifically, Petitioner states that

> "*Bremen* principles are not in need of modernization, but they are apparently in need of reiteration, at least in the Ninth Circuit in the instant case. The advent of the Internet beckons this Court not to reformulate historical venue rules, but at least to reaffirm them, and remind lower courts they need only adhere to fundamental, longstanding forum choice rules (and federal law) to determine whether and where cases should be adjudicated."

This, however, is not a permitted basis to invoke this Court's supervisory power. The premise of the instant petition is to reaffirm settled federal law. Under Sup. Ct. R. 10, a writ of certiorari may only be granted where a "United States court of appeals has decided an important question of federal law that has not been, but should be, settled by this Court."

(emphasis added). Accordingly, the instant petition should be denied.

4. Petitioner May Not Seek A Declaration Of His Rights As To VeriSign

Petitioner contends that the ACPA claim asserted in McNeil II differentiated it from McNeil I and required the District Court to assume jurisdiction over the case. Specifically, Petitioner argues that the additional parties and claims sufficiently distinguished McNeil I and McNeil II, and that res judicata was inapplicable. Petitioner further alleges that deferral of the case to Canada was improper and that he should have been permitted to litigate in the United States. Petitioner argues that the Lanham Act required that he litigate his claims in the United States. Petitioner argues that all the parties had substantial contacts with California, and that it was doubtful whether a Canadian Court could have exercised jurisdiction over two of the parties, namely, ICANN and VeriSign.

Petitioner's claims, as applied to VeriSign are irrelevant. As a threshold matter, the District Court declined to reach the merits of McNeil's claim for declaratory relief under the ACPA on the ground that "the issue of domain name ownership has been resolved by the Ninth Circuit and is therefore moot." (7, 17) The Circuit Court summarily affirmed this ruling. (5-7)

Moreover, controlling precedent provides that VeriSign is exempt from liability for Petitioner's claim under the ACPA as presented in this matter. To begin,

the statutory definition of persons liable under the statute simply does not include registrars.

> A person shall be liable for using a domain name under subparagraph (A) *only* if that person is **the domain name registrant or that registrant's licensee**. 15 U.S.C. § 1125(d)(1)(E) (emphasis added).

The ACPA further provides that registrars are not proper parties in actions brought under the ACPA, except under rare circumstances, not herein present. It states:

> The domain name registrar or registry or other domain name authority shall not be liable for injunctive or monetary relief under this paragraph except in the case of bad faith or reckless disregard, which includes a willful failure to comply with any such court order. 15 USCS § 1125(d)(2)(D)(ii).

That is, the ACPA expressly limits actions against those persons who, with bad faith intent to profit, registers, traffics in, or uses a domain name. 15 USCS § 1125(d)(1); *Bihari v. Gross*, 119 F. Supp. 2d 309, 316 (S.D.N.Y. 2000) (citing *Mattel, Inc. v. Internet Dimensions, Inc.*, 2000 U.S. Dist. LEXIS 9747 (S.D.N.Y. July 13, 2000)). *See, also, Ford Motor Co. v. Great Domains.com, Inc.*, 177 F. Supp. 2d 635, 645 (E.D. Mich. 2001) (citing *Lockheed Martin Corp. v. Network Solutions, Inc.*, 141 F. Supp. 2d 648, 655

(N.D.Tex. 2001) (finding "no summary judgment evidence that [a domain name registrar] had engaged in transactions of any of those kinds" listed to define the phrase "traffics in"); *See, also, Bird v. Parsons*, 289 F.3d 865, 878 (6th Cir. 2002) ("The fact that the registrant can then use its domain name to infringe on the rights of a registered trademark owner does not subject the registrar to liability for trademark infringement or unfair competition.")

Additional provisions of the Lanham Act, of which the ACPA is a part, further demonstrate that the statutory intent did not contemplate claims against a domain name registrar under the circumstances herein present. The statute expressly precludes registrars from liability for monetary relief regarding such domain name disputes. 15 U.S.C. § 1114(D)(i)(I).

The same statutory provision also limits requests for injunctive relief against registrars to circumstances not herein present. On the facts at bar, Petitioner has never alleged that VeriSign failed to deposit control of the domain names with the court when litigation commenced. 15 U.S.C. § 1114(D)(i)(II). As was argued to the Ninth Circuit in VeriSign's motion for summary affirmance, McNeil has not and cannot allege that such extraordinary circumstances exist because gravaman of his claim is VeriSign's compliance with, rather than violation of, the UDRP.

As a registrar, VeriSign neither uses the domain names as contemplated by the statute nor engages in any affirmative conduct that would lead to such use. *See, Lockheed Martin Corp. v. Network Solutions, Inc.*,

985 F. Supp. 949, 951-953 (C.D. Cal. 1997), *aff'd*, 194 F.3d 980 (9th Cir. 1999).

The clear statutory language and precedent in this area establishes there can be no viable claim against VeriSign under the ACPA and the Lanham Act. Resolution of Petitioner's claims relating to the ACPA is, however, immaterial in assessing whether there was a claim stated against VeriSign.

Lastly, the instant Petition must not be granted simply because petitioner foresees an unjustified need to restrain future domain name transfers. As set forth above, the record demonstrates that Petitioner failed to allege a breach of contract claim against VeriSign and VeriSign is not subject to any statutory liability under the ACPA as a matter of law. Accordingly, there is no legal basis for Petitioner to allege that identical, prospective conduct should be restrained in any fashion, nor is that inquiry appropriate here.

CONCLUSION

For the reasons set forth above, Respondent VeriSign, Inc. respectfully requests that the Petition for a Writ of Certiorari filed by Petitioner be denied in its entirety and this Court fashion such other and different relief as it deems just and proper.

Respectfully submitted,

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